





HOUSE OF REPRESENTATIVES
SIXTY-THIRD CONGRESS

REPORT

OF THE

COMMITTEE ON THE MERCHANT MARINE
AND FISHERIES

ON

STEAMSHIP AGREEMENTS AND AFFILIATIONS

IN THE

AMERICAN FOREIGN AND DOMESTIC TRADE

UNDER H. RES. 587

Prepared under direction of the Chairman of the Committee

BY

S. S. HUEBNER

INCLUDING THE RECOMMENDATIONS OF THE COMMITTEE



WASHINGTON
GOVERNMENT PRINTING OFFICE

1914

4-30334

HOUSE OF REPRESENTATIVES
SIXTY-THIRD CONGRESS

REPORT

OF THE

COMMITTEE ON THE MERCHANT MARINE
AND FISHERIES

ON

STEAMSHIP AGREEMENTS AND AFFILIATIONS
IN THE
AMERICAN FOREIGN AND DOMESTIC TRADE
UNDER H. RES. 587

Prepared under direction of the Chairman of the Committee

BY

S. S. HUEBNER

INCLUDING THE RECOMMENDATIONS OF THE COMMITTEE



WASHINGTON
GOVERNMENT PRINTING OFFICE

1914

HE 745
.A 2
1914
Copy 2.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES.

HOUSE OF REPRESENTATIVES.

SIXTY-SECOND CONGRESS.

JOSHUA W. ALEXANDER, Missouri, *Chairman*.

RUFUS HARDY, Texas.
WILLIAM B. WILSON, Pennsylvania.
CHARLES D. CARTER, Oklahoma.
HENRY A. BARNHART, Indiana.
JAMES W. COLLIER, Mississippi.
STEVEN B. AYRES, New York.
JOHN A. THAYER, Massachusetts.
MICHAEL E. BURKE, Wisconsin.
CLAUDE U. STONE, Illinois.
JAMES D. POST, Ohio.

JOHN M. FAISON, North Carolina.

WILLIAM S. GREENE, Massachusetts.
WILLIAM E. HUMPHREY, Washington.
E. STEVENS HENRY, Connecticut.
ASHER C. HINDS, Maine.
STEPHEN G. PORTER, Pennsylvania.
WILLIAM D. STEPHENS, California.
THOMAS PARRAN, Maryland.

H. H. GARVER, *Clerk*.

S. S. HUEBNER, *Expert to Committee*.

T. N. LAVEROCK, *Counsel*.

(The hearings were conducted by the above-named committee. By House Resolution 205, of the 63d Congress, the committee was authorized to conduct during the 63d Congress the investigation begun during the 62d Congress under House Resolutions 425 and 587.)

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES.

HOUSE OF REPRESENTATIVES.

SIXTY-THIRD CONGRESS.

JOSHUA W. ALEXANDER, Missouri, *Chairman*.

RUFUS HARDY, Texas.
MICHAEL E. BURKE, Wisconsin.
JOHN M. FAISON, North Carolina.
EDWARD W. SAUNDERS, Virginia.
THOMAS C. THACHER, Massachusetts.
STANLEY E. BOWDLE, Ohio.
PETER J. DOOLING, New York.
RICHARD S. WHALEY, South Carolina.
FRANK O. SMITH, Maryland.
HENRY BRUCKNER, New York.

LADISLAS LAZARO, Louisiana.
ANDREW R. BRODBECK, Pennsylvania.
GEORGE W. LOFT, New York.
WILLIAM S. GREENE, Massachusetts.
ASHER C. HINDS, Maine.
CHARLES F. CURRY, California.
JAMES MANAHAN, Minnesota.
GEORGE W. EDMONDS, Pennsylvania.
JAMES S. PARKER, New York.
JAMES W. BRYAN, Washington.

J. C. BAY, *Clerk*.

S. S. HUEBNER, *Expert to Committee*.

T. N. LAVEROCK, *Counsel*.

U. S. OF J.
APR 11 1914

-ed.C.C. Apr. 16/10

CONTENTS.

	Page.
Prefatory note.....	1-17
Resolutions authorizing the investigation.....	1
Methods of procedure and sources of data.....	2
Plan and purpose of the report.....	7
House resolution 425, Sixty-second Congress, second session.....	8
House resolution 587, Sixty-second Congress, second session.....	9
Schedule of inquiries submitted to domestic steamship companies.....	10
Schedule of inquiries submitted to foreign steamship companies.....	13
Schedule of inquiries submitted to American railroads.....	14
Schedule of inquiries submitted to American diplomatic and consular officers.....	16
Letter of inquiries submitted to American exporting and importing houses...	17

PART I.

STEAMSHIP AGREEMENTS AND AFFILIATIONS IN THE AMERICAN FOREIGN TRADE.

Chapter I.—Passenger Agreements in the American-European Traffic.

	Page.
Extent and nature of the North Atlantic passenger traffic.....	21
General nature and purpose of passenger agreements.....	22
N. D. L. V. and affiliated passenger agreements.....	26-31
N. D. L. V. (North Atlantic Steamship Lines Association) agreement.....	26
Agreement "L".....	28
Agreement "G".....	29
Agreement "J".....	30
Agreement "N".....	30
Passenger agreements affecting British and North Continental ports.....	31-34
Agreement "A A".....	31
Agreement "W".....	33
Agreement "V".....	34
Mediterranean passenger agreements.....	35-39
Mediterranean steerage traffic agreement of February 8, 1909.....	35
Article 31 of the Mediterranean steerage traffic agreement.....	37
"Special agreement A".....	38
"Special agreement B".....	39
Summary of provisions and practices relating to passenger agreements in general.....	39-45
Manner of effecting settlements in the pooling arrangements.....	40
Corrective measures adopted by lines which exceed their percentages.....	40
Guaranties and penalties adopted for the enforcement of agreements.....	42
Regulations concerning the issuance of circulars and other publications.....	42
Regulation of agents.....	43
Administration of contracts, and adjudication of disputes.....	44
Admission of new lines to the conference and the alteration of existing agreements.....	45
Methods of meeting competition of nonconference lines.....	45
Steamship conferences in the North Atlantic passenger traffic.....	46
Agreements between American railroads and North Atlantic passenger lines..	48

Chapter II.—Freight Agreements in the American-European Trade.

	Page.
General nature of freight agreements.....	53-57
Reasons why deferred rebates are few in this trade.....	54
Classification of westbound agreements.....	55
Classification of eastbound agreements.....	56
Relations between lines operating from South Atlantic ports.....	57
Classification of freight agreements and conferences.....	59-61
Number of agreements.....	59
The Trans-Atlantic Freight Conference.....	59
The American Atlantic Conference.....	60
The Atlantic Conference.....	60
The Mediterranean Conference.....	60
Classification of agreements.....	60
Minimum-rate agreements in the trade to and from the United Kingdom.....	61-65
Minimum eastbound rate agreements.....	61
The London Conference.....	62
The Liverpool Conference.....	63
The Glasgow Conference.....	63
The Manchester Conference.....	64
Nature of the minimum-rate understanding.....	64
Minimum westbound rate agreements.....	65
Agreements governing the trade between German, Dutch, Belgian, and French ports and the United States.....	65-71
Westbound agreements.....	65-70
The N. D. L. V. westbound freight agreement.....	65
Freight traffic agreements contained in North Atlantic passenger agreements.....	67
Traffic arrangements with reference to the ports of Antwerp and Rotterdam.....	68
Traffic arrangement between the Russian East Asiatic Line and the Holland-American Line relative to Rotterdam.....	69
Minimum-rate agreement between lines operating from the Channel ports.....	70
Eastbound agreements.....	70-71
Absence of eastbound minimum rate agreements.....	70
Other agreements eastbound.....	71
Baltic freight agreements.....	71-78
The "Baltic Pool".....	71-75
Enumeration of lines which are parties to the pool.....	71
The pool pertaining to "provisions".....	72
The pool pertaining to "agriculturals".....	73
The pool pertaining to other leading articles of American export.....	73
General effects of the aforementioned pools.....	74
Agreements between lines operating to Scandinavian and Russian Baltic ports.....	75-77
Adoption of a schedule of arbitraries by the Baltic pool lines.....	75
The Northern International Trans-Oceanic Traffic Association.....	76
Agreements with reference to lines operating between the United States and Norway.....	78
Mediterranean freight agreements.....	78-87
Mediterranean freight traffic agreement of 1911 covering westbound traffic.....	78-82
Enumeration of lines and division of freight tonnage.....	79
Method of fixing rates.....	79
The deferred rebate system used.....	79

Mediterranean freight agreements—Continued.

Mediterranean freight traffic agreement of 1911 covering westbound traffic—Continued.	Page.
Regulation of freight contracts with shippers.....	80
Rendering of accounts by the lines belonging to the pool.....	80
Admission of new lines to the pool.....	80
Method of enforcing the agreement.....	81
Mediterranean eastbound freight agreement.....	82
Effect of Mediterranean agreements upon freight rates.....	83
Other Mediterranean freight agreements.....	84-87
Between Italian ports and the United States.....	84
Between Spain and the United States.....	84
Between Austrian ports on the Adriatic and the United States.....	85
In the American-Levant trade, eastbound.....	86
In the American-Levant trade, westbound.....	87
Existence of deferred rebates in the trade between the United Kingdom and ports on Puget Sound and the west coast of Canada.....	89

Chapter III.—Agreements in the American-African Trade.

Understanding between the lines operating to south and east Africa.....	91-97
Enumeration of the lines.....	91
Early rate wars in the trade.....	91
Pooling arrangement between the lines.....	92
Manner of determining rates.....	93
Abandonment of the deferred rebate system.....	95
The London Conference.....	95
The New York Committee.....	95
Nature of contracts made with shippers.....	96
Agreement governing the trade to the west coast of Africa.....	97-100
Reasons which led to the agreement.....	97
Enumeration of the lines.....	98
The control of rates.....	98
Nature of the service established.....	99
The method of pooling adopted.....	99
Other important terms of the agreement.....	100
Shipments to north African ports.....	100
Limited volume of such shipments.....	100
Indirect shipments from Egypt to the United States via Liverpool.....	101

Chapter IV.—Agreements in the American-Australasian Trade.

Direct shipments from New York to Australasian ports.....	103-105
Enumeration of lines in the trade.....	103
Oral traffic agreement between the White Star Line and the three direct lines.....	105
Trans-Pacific lines to Australasia.....	106
Return cargo to the United States.....	107-108
With reference to the port of New York.....	107
With reference to American Pacific coast ports.....	107

Chapter V.—Agreements in the American-Asiatic Trade.

Agreements governing the eastbound and westbound trade between the American Atlantic Seaboard and the Far East, via Suez.....	109-121
Enumeration of steamship services, and classification of agreements.....	109-112
Volume of American-Asiatic trade via the Pacific and via the Atlantic ports compared.....	110

Agreements governing the eastbound and westbound trade between the American Atlantic Seaboard and the Far East, via Suez—Continued.	
Enumeration of steamship services, and classification of agreements—Con.	Page.
Enumeration of lines in the Far Eastern trade to and from New York..	110
Enumeration of agreements.....	111
Regulation of the number and order of the sailings of the several lines.....	113
Regulation of the booking of freight and the movement of steamers.....	114
Regulation of commissions and the transmission of communications.....	115
The control of rates.....	115-117
Eastbound rates.....	115
Westbound rates.....	116
Methods of meeting and restricting competition—deferred rebates.....	117-118
Nature of deferred rebate system used.....	118
Reasons for adopting the deferred rebate system.....	118
The settlement of disputes and assessments of penalties.....	119
Pooling agreement between the owners of steamers operating under the terms of the eastward and westward agreements.....	119-121
Method of settling the pool account.....	120
Method of administering the pool.....	120
Steamship conferences, eastbound and westbound, in the trade between the Atlantic Seaboard and the Far East via the Suez.....	121-122
The New York Conference	121
The Hongkong and Singapore Conferences.....	121
The London Conference.....	122
Agreements in the trade with India.....	122-126
Understanding between the direct lines operating to and from New York.	122-124
Pooling and other conditions of the agreement.....	122
Control of rates.....	123
Relations between lines operating in the indirect trade between the United States and India, via Europe.....	124-126
Karachi trade.....	125
Bombay trade.....	125
Madras trade.....	126
Rangoon trade.....	126
Agreement in the America-Java trade.....	127
Agreements among the trans-Pacific Lines	128-142
Enumeration of the regular lines, and the conferences to which they are parties.....	128
Nature and purpose of the conferences in the eastbound trade.....	129
The Trans-Pacific Tariff Bureau (Japan branch).....	130-133
Enumeration of lines belonging to the bureau	131
Deferred rebate system used.....	131
Pacific Mail Steamship Co.'s deferred rebate circular.....	131
Trans-Pacific Tariff Bureau (Hong Kong, China, branch).....	133-134
Tariffs issued by the lines belonging to the bureau.....	133
Absence of any deferred rebate system, and the reasons.....	133
Threatened disruption of the Trans-Pacific Tariff Bureau, eastbound.....	134-135
By the secret cutting of rates, through presents, and special inducements.....	134
By underweighing the freight.....	135
Influence of trans-Pacific conferences on rates.....	137
Trans-Pacific Tariff Bureau, westbound.....	138-139
Nature of the bureau, and the tariffs issued.....	138

Agreements among the trans-Pacific Lines—Continued.

Understanding between the Pacific Mail Steamship Co. and the Toyo Kisen Kaisha, westbound from San Francisco.....	Page. 139-141
Terms of the agreement.....	139
Events which led to the agreement.....	140
Rates charged by the Pacific Mail Steamship Co. and the Toyo Kisen Kaisha, westbound from San Francisco.....	141
Agreements in the Japan-Hawaii and Japan-Philippine trade.....	141
Passenger agreement in the trans-Pacific trade.....	142
The Calcutta-Pacific Conference.....	142-145
Lines belonging to the conference.....	142
Terms of the agreement.....	143
Control of rates.....	143
Pooling arrangement used.....	143
Deferred rebate system used.....	144
Agreements between American railways and trans-Pacific steamship lines...	145-152
Enumeration of such agreements.....	146
Agreements between railroads and San Francisco trans-Pacific lines.....	146-148
Agreement between the Toyo Kisen Kaisha and the Western Pacific Railway Co.....	146
Agreements entered into by the Pacific Mail Steamship Co.....	148
Agreements between American railroads and north Pacific steamship lines belonging to the Trans-Pacific Tariff Bureau.....	148-152
Agreement between Messrs. Alfred Holt & Co. and the Northern Pacific Railway Co. and the Great Northern Railway Co.....	148
Agreement between the Osaka Shosen Kaisha and the constituent companies of the Chicago, Milwaukee & St. Paul Ry. system.....	150
Agreement between the Nippon Yusen Kaisha and the Great Northern Railway Co.....	151
Relations between other north Trans-Pacific lines and transcontinental railroads.....	152

Chapter VI.—Agreements in the Trade Between the United States and South America.

	Page.
Classification of steamship services.....	153
Agreements in the American-Brazilian trade.....	154-168
Enumeration of agreements.....	154
Provisions of the agreements.....	155-158
Regulation of sailings.....	155
Fixing and maintenance of rates.....	156
Deferred rebate system, northbound, but none southbound.....	157
Settlement of disputes.....	158
Termination of the pooling agreement of July 8, 1908.....	158
Conferences governing the trade.....	159-168
The New York Conference and its functions.....	159
The London Conference and its functions.....	159
Contracts with shippers.....	160
Contracts made by each line for its own steamers.....	160
Joint contracts made by one line on behalf of all conference lines.....	160
Deferred rebate system in the trade, northbound.....	160
Arguments in favor of the deferred rebate system.....	161
Effectiveness of the deferred rebate system against nonconference lines.....	163

Agreements in the American-Brazilian trade—Continued.

Policy of keeping rates from the United States on a parity with those from Europe.....	Page. 168
Understanding between the Booth Line and the three conference lines operating to and from southern Brazil.....	169
Agreements in the trade between the United States and the River Plate.....	170-175
In the southbound trade.....	170-174
Conference meetings and their purpose.....	170
System of contracts used.....	170
Other conditions of the agreement governing the southbound trade...	171
Method of making rates.....	171
Contracts with shippers.....	172
Position of the Norton Line with reference to the conference.....	174
In the northbound trade.....	174
Deferred rebate system used.....	174
Tacit understanding between the Brazilian and River Plate lines to respect each other's territory.....	175
Agreement governing the traffic to and from Venezuela and Curacao.....	175-176
Enumeration of steamship services.....	175
Differential rate understanding between the Royal Dutch West India Mail Line and the Red "D" Line.....	176
Agreements governing the traffic to and from Colombian ports on the Caribbean Sea.....	176-179
Agreements between the Royal Mail Steam Packet Co. and the Hamburg-American Line's Atlas service.....	176-178
Pooling agreement between the lines.....	177
Fixing and maintenance of rates.....	178
Division of ports between the lines.....	178
Deferred rebate system, both northbound and southbound.....	178
Tacit understanding between the United Fruit Co., and the Royal Mail Steam Packet Co. and the Hamburg-American Line.....	179
Agreements in the traffic between the Atlantic seaboard of the United States and the west coast of South America via Panama.....	180-184
Agreements in the southbound trade.....	180-182
Enumeration of steamship services.....	180
Enumeration of agreements.....	181
Origin of the agreements.....	182
Agreements in the northbound trade.....	182-184
Relations between the west coast steamship lines connecting with the New York lines at the Isthmus of Panama.....	182
Relations between the lines operating from New York to the west coast of South America, and vice versa, via the Straits of Magellan.....	184-187
Nature of the trade, and the method of determining rates in the southbound trade.....	184
Contracts with shippers in the southbound trade.....	186
Relations between the lines in the northbound trade.....	187
Relations between the lines engaged in the trade between the Pacific ports of the United States and the west coast of South America.....	188

Chapter VII.—Agreements in the American-Mexican and Central American Trade.

Relations between the lines operating between the Atlantic and Gulf ports of the United States and eastern ports of Mexico and Central America.....	Page. 189-194
With reference to eastern Mexican ports.....	189-191
Tampico.....	189
Vera Cruz.....	190
Puerto Mexico.....	191
Other eastern Mexican ports.....	191
With reference to British Honduras.....	191
Dominant position of the United Fruit Co.....	191
With reference to Guatemala.....	191
Dominant position of the United Fruit Co.....	192
With reference to Spanish Honduras.....	192-193
Enumeration of lines operating to and from the United States.....	192
Dominant position of the United Fruit Co.....	193
With reference to Nicaragua.....	193
Dominant position of the United Fruit Co.....	193
With reference to Costa Rica.....	194
Enumeration of the services.....	194
Agreement of February 21, 1908, between the Royal Mail Steam Packet Co., and the Hamburg-American Line.....	194
United Fruit Co.'s observance of the above-mentioned agreement....	194
Rate understanding between the lines operating in the trade between New York and the west coast of Central America and Mexico via the Isthmus of Panama.....	195
Relations between the lines operating between Pacific coast ports of the United States and the west coast of Central America and Mexico.....	196-199
Enumeration of steamship lines and the relations between these lines.....	196
Dominant position of the Pacific Mail Steamship Co.....	196
Rebates to shippers discontinued.....	199
Conference of West India Atlantic Steamship Companies.....	200-203
Membership of the conference.....	200
Deferred rebate agreement used.....	200-203
Its application to the Central American-New York trade.....	201
The system does not apply to the Central American-San Francisco trade.....	201
Copy of rebate circular issued to shippers.....	203

Chapter VIII.—Agreements in the American-West Indian Trade.

Rate arrangements in the trade between the United States and Cuba.....	205-212
Lines between New York and Cuba.....	205-208
The New York and Cuba Mail Steamship Co. and the American & Cuban Steamship Line to Havana	205
The Compañía Marítima Cubana and the Royal Mail Steam Packet Co. to north Cuban ports.....	206
The New York and Cuba Mail Steamship Co. and the Hamburg-American Line to south Cuban ports	207
The Caribbean Conference	208
Lines between North Atlantic ports, other than New York, and Cuba.....	208-209

Rate arrangements in the trade between the United States and Cuba—Con. Lines operating between Gulf ports and Cuba—The Gulf Foreign Freight Committee.....	Page. 209–212
Agreements in the trade between the United States and Haiti and Santo Do- mingo.....	212–214
Enumeration of services.....	212
Agreement between the Hamburg–American Line and the Royal Dutch West India Mail Line with respect to Haiti.....	212–214
Division of ports between the lines.....	212
Pooling arrangement between the lines.....	213
Maintenance of rates.....	213
Agreement between the Hamburg–American Line and the Royal Mail Steam Packet Co. with respect to Haiti.....	214
Agreement in the trade between the United States and Jamaica.....	214–216
Enumeration of services.....	214
Agreement and understanding between the Royal Mail Steam Packet Co., the Hamburg–American Line, and the United Fruit Co.....	215–216
Deferred rebate system in the trade.....	215
Origin of the agreement.....	216
Agreement between the lines operating to and from Trinidad.....	218–219
Enumeration of lines in the trade.....	218
Deferred rebate agreement in the northbound trade.....	218
Maintenance of rates, both northbound and southbound.....	219
Relations between lines operating to and from Martinique, Guadeloupe, and Barbados.....	219–223
Lines operating to and from Guadeloupe and Martinique.....	219
Practices of the Quebec Steamship Co., the dominant carrier.....	219–221
Basing rates on the quantity shipped.....	219
Contracts with shippers according to the quantity shipped.....	220
Granting of rebates.....	220
Criticism of above-mentioned contracts.....	221
Rebate system in the New York-Bermuda trade.....	222
Lines to and from Barbados.....	223–225
Enumeration of services.....	223
Relations between the lines in the trade.....	223
The Porto Rican trade.....	225–238
Enumeration of regular line services.....	225
Early rate wars in the trade.....	226
The present rate war in the trade.....	229
Attempts to effect a settlement.....	232
Friendly relations between the Insular and New York & Porto Rico Steam- ship Lines.....	233
Rates from New York, New Orleans and Galveston to Porto Rico com- pared.....	235
Contracts with shippers and discrimination in rates between shippers.....	236

Chapter IX.—Agreements Between American Railroads and Foreign Steamship Lines.

Extent of agreements.....	239–241
Number of agreements and how obtained by the Committee.....	240
Distinction between “preferential” and “exclusive” contracts.....	240
Agreements with reference to Atlantic ports.....	241–249
With reference to New York.....	241
With reference to Boston.....	242

Agreements with reference to Atlantic ports—Continued.	Page.
With reference to Philadelphia and Baltimore.....	246
With reference to Newport News and Norfolk.....	248
With reference to Brunswick.....	249
Agreements with reference to Gulf ports	250-257
With reference to Galveston and New Orleans.....	250
With reference to Mobile.....	250-253
With reference to the South American trade.....	251
With reference to Cuba, Mexico, and the West Indies.....	253
With reference to Liverpool, Bremen, Hamburg, and other European ports.....	253
With reference to Port Arthur.....	255
With reference to Pensacola and Port Aransas.....	256
Agreements with reference to trans-Pacific steamship lines.....	257-258
Exhibits of agreements.....	259-280
Agreement between the Boston & Maine Railroad Co. and the Hamburg- American Line with reference to the Boston-Hamburg service.....	259
Agreement between the United States Shipping Co. on behalf of the Hamburg-American Line and the railroads centering at Newport News and Norfolk.....	261
Agreement between the Munson Steamship Line and the Mobile & Ohio and Southern Railroad Companies, relative to the Mobile-South American trade.....	264
Agreements and arrangements between the transcontinental railroads and trans-Pacific carriers.....	271
Between the Toyo Kisen Kaisha and the Western Pacific Railroad Co.	271
Replies of the Atchison, Topeka & Santa Fe and Southern Pacific Railway Companies to the Committee's Schedule of Inquiries...	275
Between Alfred Holt & Co. and the Northern Pacific and Great Northern Railway Companies.....	276
Between the Osaka Shosen Kaisha and the Chicago, Milwaukee & St. Paul Railway Co.....	278
Between the Nippon Yusen Kaisha and the Great Northern Railway Co.....	279

Chapter X.—Summary—Methods of Control in Connection with Ship- ping Conferences and Agreements—Advantages and Disadvantages of Such Conferences and Agreements—Recommendations for Pro- posed Legislation.

Methods of control exercised in connection with steamship conferences and agreements in the American foreign trade.....	281-293
Regulation of competition between the lines.....	282-287
Rate agreements.....	282-284
Fixed rate agreements.....	282
Minimum rate agreements.....	282
Differential rate agreements.....	283
Control of rates by the dominant carrier.....	283
Apportioning traffic by allotting the ports of sailing.....	284
Restricting the number of sailings.....	285
Limiting each line's volume of freight.....	285
Pooling arrangements.....	285
Agreements between conferences, or groups of lines.....	286
Making deposits as a guaranty of good faith	286

Methods of control exercised in connection with steamship conferences and agreements in the American foreign trade—Continued.	Page
Meeting the competition of nonconference lines.....	287-293
Deferred rebate systems.....	287
The use of fighting ships, or collective competition.....	289
Contracts with shippers.....	290-292
Joint conference contracts.....	290
Contracts by individual members of the conference.....	290
Contracts based on volume of shipments.....	291
Agreements with American railroads.....	292-293
Secrecy of agreements and prevalence of oral understandings.....	293-295
Advantages of shipping conferences and agreements.....	295-297
Improvement in service.....	295-297
Regularity of service and advantages resulting therefrom.....	295
Greater security to capital invested, and advantages resulting therefrom.....	297
Stability of rates and advantages resulting therefrom.....	297-300
Uniform freight rates secured to all merchants.....	300
Prevention of the elimination of weaker lines in the various trades.....	300-301
Maintenance of American and European rates to foreign markets on a parity.....	301-302
Reduction in the cost of service.....	302
Cost of service more economically distributed over the traffic.....	302-303
Disadvantages of shipping conferences and agreements as now conducted...	304-307
The monopolistic nature of such conferences and agreements.....	304-306
Arbitrary increase in rates alleged.....	306
Secrecy of agreements and conference arrangements opposed.....	307
Contracts based on a large volume of freight opposed.....	307
Charge that some conference lines do not observe customary conference usages in respect to equal treatment of shippers.....	307
Practice of certain conference lines not to publish their tariffs or classifications opposed.....	307
Deferred rebate systems opposed.....	307
Leading recommendations of witnesses for proposed legislation.....	307-314
Government regulation of carriers engaging in the American foreign trade.	307-308
Impracticability of filing rates with the Government and requiring a period of notice before changing the same.....	309-311
Publicity of agreements and arrangements.....	311-313
Other recommendations.....	313-314

PART II.

STEAMSHIP AGREEMENTS AND AFFILIATIONS IN THE AMERICAN DOMESTIC TRADE.

Chapter XI.—Steamship Company Affiliations on the Great Lakes.

	Page.
Control of the through package freight business by railroad-owned boat lines.	317-328
Enumeration of railroad-owned steamship lines.....	317-319
Methods by which the railroads have prevented independent water carriers from participating in the through package freight traffic.....	319-324
Railroad control of merchandise originating on the railroads.....	320
Attempt of railroads to control the eastern grain movement on the Lakes by charging full local rates from Buffalo.....	320
Railroad control of terminal facilities.....	323

Control of the through package freight business by railroad-owned boat lines—Continued.	Page.
Railroad control of the Erie Canal.....	324-328
Railroad control of canal boat lines.....	325
Railroad's refusal to exchange freight with independent canal lines or forwarders.....	326
Railroad's policy of acquiring terminal facilities at both Buffalo and New York.....	327
The effects of railroad control of through Lake lines and canal forwarding agencies.....	328-331
Increase in water rates on through package freight.....	328
Failure to improve the service.....	330
Leading American Lake lines not owned by railroads.....	331-336
Enumeration of such lines.....	331
Relationship between such lines.....	334
Comparison of current rates charged by such lines.....	335
Consolidations among bulk carriers on the Great Lakes.....	336-346
Tendency toward improved type of steamers, improved loading and unloading facilities and lower rates in the bulk traffic.....	336
Tendency toward consolidations among bulk carriers.....	337
Affiliations among leading consolidations of bulk carriers and between such consolidations and other groups of bulk carriers.....	341

Chapter XII.—Steamship Company Affiliations on the Pacific Coast.

The Pacific coast trade proper.....	347-351
Enumeration and description of the lines.....	347
Relations between the lines, and between the lines and railroads, explained..	349
The trade between Puget Sound and Alaska.....	351-356
Enumeration of the trade routes and steamship lines operating on each....	351
Steamship consolidations in the Alaskan trade.....	352
The trade between the Atlantic and Pacific seabords of the United States..	357-365
Enumeration of routes and steamship services.....	357
Volume of intercoastal traffic via the several routes.....	358
Influence of intercoastal water carriers upon transcontinental rates.....	361
Traffic arrangements between the intercoastal lines.....	363
The Hawaiian trade.....	365-368
Enumeration of lines operating to and from the United States.....	365
Inter-Island trade of Hawaii.....	367
Relations between the lines operating in the Hawaiian trade.....	367

Chapter XIII.—Steamship Company Affiliations on the Atlantic and Gulf Coasts.

The predominant importance of lines controlled by railroads and shipping consolidations.....	369-372
The New England coastwise trade.....	372-383
Navigation companies controlled by the New York, New Haven & Hartford Railroad Co.....	373
The Eastern Steamship Corporation.....	378
Affiliations of the Eastern Steamship Corporation with other navigation interests.....	379
Dominant position of the New York, New Haven & Hartford Railroad Co. and the Eastern Steamship Corporation.....	380
Independent lines in the New England coastwise trade.....	381

	Page.
The Middle and South Atlantic coast trade	383-389
Enumeration of regular line services in the trade.....	383
The Atlantic Gulf & West Indies Steamship Lines.....	383
Railroad-owned lines.....	386
Lines not controlled by railroads or by the Atlantic Gulf & West Indies Steamship Lines.....	388
The Atlantic coast-Gulf coast trade.....	389-398
Enumeration and description of regular line services.....	389
Affiliations between the lines.....	389
Methods adopted by established lines in opposing the establishment and maintenance of independent lines.....	392-398
Discouraging the flotation of stock.....	392
Rendering difficult the purchasing, chartering, or construction of steamers.....	392
Employing "fighting ships"	393
Engaging persons to divulge information.....	394
Discriminating in marine insurance rates.....	395
Granting rebates to shippers.....	395
Refusing membership to independent lines in tariff committees....	396
Relations between the railroads and Atlantic coast steamship lines.....	398-401
Traffic arrangements between rail and water carriers.....	398
Refusal of railroads to enter into through routing and prorating arrange- ments on package freight with independent lines.....	400
Vital importance of this subject.....	400
Illustrations of such refusal.....	400

Chapter XIV.—Summary—Extent and Methods of Control of Competition Between Water Carriers in the Domestic Trade.

Extent of control.....	403-408
In the Atlantic and Gulf coastwise trade.....	403
In the Great Lakes trade.....	405
In the Pacific coast trade.....	405
General summary for the above three divisions of the domestic trade.....	405
On inland rivers, bays, and canals.....	406
Methods of control summarized.....	409-412
Control through the acquisition of water lines or the ownership of acces- sories to the lines.....	409
Control through agreements or understandings.....	410
Control through special practices.....	410

Recommendations of the Committee.

Recommendations relating to water carriers engaged in the foreign trade....	415-421
Recommendations relating to water carriers engaged in the domestic trade..	421-424
Subject index.....	425-459

LIST OF TABLES AND CHARTS.

TABLES.

	Pages.
Minimum eastbound rate agreements between lines operating from the United States to British ports.....	62-64
Lines and owners of vessels operating in the Far Eastern trade to and from New York	110-111
Agreements between trans-Pacific steamship lines and American railroads..	146
Leading Lake lines controlled by American railroads (showing size of lines, routes, and nature of railroad control).....	318-319
Rate differentials between all-rail and rail-and-water routes between Chicago and New York.....	328-329
Leading American Lake lines not owned by railroad companies (showing size of lines, routes, and relations with other carriers).....	332-334
Eight leading consolidations of bulk carriers on the Great Lakes (showing the number of vessels of each, the total gross tonnage represented, and the proportion this tonnage bears to the total American Great Lakes tonnage...	341
Pittsburg Steamship Company's charter relations with seven large vessel ownerships on the Great Lakes	342
Ownership of Great Lakes bulk carriers with a tonnage of 1,000 or over (showing total number and tonnage of vessels controlled by 37 affiliated groups)	346
Names, number of vessels, and routes of important Pacific coastwise lines ..	348
Names, number of vessels, and tonnage of navigation companies controlled by the New York, New Haven & Hartford R. R. Co.	374
Names, number of vessels, tonnage, and routes of lines operated by the Eastern Steamship corporation	378-379
Names and routes of independent New England coastwise lines.....	381
Names and routes of important Middle and South Atlantic coastwise lines..	382
Enumeration of Middle Atlantic and South Atlantic coastwise lines (giving names of lines, number of steamers, and gross tonnage).....	383
Lines controlled by the Atlantic, Gulf and West Indies Steamship Lines (giving names of lines, number of vessels, gross tonnage, and character of control)	384
Names, number of vessels, gross tonnage and routes of lines connecting Atlantic coast and Gulf coast ports	389
Control of steamship lines engaged in the Atlantic, Gulf, and Pacific coast, and Great Lakes trade (giving (1) number of lines, number of steamers and gross tonnage; and (2) percentage of steamers and gross tonnage owned or controlled, respectively, by railroads, shipping consolidations, and independent lines).....	404

CHARTS.

	Facing page.
Passenger agreements in the North Atlantic traffic	22
Freight agreements in the North Atlantic-European trade.....	60
Agreements among direct lines in the American-Asiatic trade	110
Agreements and understandings among direct lines operating between the United States and South America.....	154
Affiliated bulk carriers operating on the Great Lakes	343

PREFATORY NOTE.

The following report on "Steamship Agreements and Affiliations in the American Foreign and Domestic Trade" represents a summary of the data gathered by the Committee on The Merchant Marine and Fisheries in its investigation of steamship combinations under House Resolutions 425, introduced by Mr. Rufus Hardy of Texas, on February 24, 1912, and 587, introduced by Mr. J. W. Alexander of Missouri, Chairman of the Committee, on June 18, 1912. (Copies of these resolutions are found on pp. 8 and 9 of this report.) The investigation was begun in pursuance of House Resolution 425, but it was later deemed expedient to broaden the scope of this resolution so as to extend the investigating powers of the Committee to every possible transportation agency (such as forwarding, dock, terminal and all other companies and firms) which might be connected in any way with foreign or domestic water carriers, or with the railroads, and a knowledge of which might be essential in ascertaining the full relationship between the navigation companies themselves, as well as between such companies and the railroads. Accordingly House Resolution 587 was substituted for House Resolution 425, but, with the exception noted, this resolution was identical with its predecessor. The Committee was also authorized by House Resolution 205, of the Sixty-third Congress, introduced by Chairman J. W. Alexander, to continue during the Sixty-third Congress the investigation begun during the Sixty-second Congress under the provisions of House Resolutions 425 and 587.

It should be stated that a joint resolution was originally introduced by Mr. Humphrey of Washington providing for a joint committee of the House and Senate to investigate foreign shipping rings. Mr. Hardy, of Texas, subsequently introduced a joint resolution extending the inquiry embraced in Mr. Humphrey's resolution to include our domestic shipping and the relations between American railroads and foreign and domestic shipping.

On April 20, 1911, and January 30, 1912, Mr. Humphrey of Washington introduced House Joint Resolution 72 and House Resolution 399, respectively, and on January 18, 1912, Mr. Hardy, of Texas, introduced House Joint Resolution 217. These resolutions were substantially the same in their purpose as House Resolutions 425 and 587, except that House Joint Resolutions 72 and 217 provided for a joint committee to undertake the investigation. Hearings were held by the Committee on Rules on House Joint Resolution 72, beginning December 18, 1912, with the result that the Committee on Rules decided to report a resolution directing the Committee on the Merchant Marine and Fisheries to make the investigation, and for this purpose, as already explained, House resolutions 425 and 587 were reported to the House and adopted.

Methods of Procedure and Sources of Data.

In view of the wide scope of the investigation, the same comprising the country's entire domestic and foreign trade by water, the Committee adopted the policy of gathering as much data as possible, in advance of the public hearings, by the issuance of detailed Schedules of Inquiries to water and rail carriers. This was done because the data thus obtained would not only greatly reduce the extent of the public hearings, but would enable the Committee to select witnesses to the greatest advantage and to emphasize in the hearings only those phases of the investigation concerning which further information was desired. The following outline will serve to indicate briefly the method of procedure followed by the Committee, and the chief sources of the data obtained.

(1) Three comprehensive Schedules of Inquiries, each prepared to meet fully the requirements of House Resolution 587 (and published on pp. 10, 13, and 14), were respectively directed by Chairman Alexander, (1) under date of August 21, 1912, to 562 domestic navigation companies engaged in the coastwise, lake and inland commerce of the United States; (2) under date of October 3, 1912, to practically all steamship lines engaged in this country's foreign trade; and (3) under date of September 16, 1912, to all the leading railroads of the country. The managements of all the aforementioned navigation and railroad companies, it should be added, were requested to submit their answers to the inquiries under oath. Of the 562 domestic navigation companies referred to 470 complied with the Committee's request, and

the replies included practically all of the important regular lines and large bulk carriers. Similarly, of the 187 railroad companies or systems to which the Schedule of Inquiries was sent, 180 submitted their answers to the Committee. As was expected, the foreign steamship lines did not respond as readily as the domestic water and rail carriers; yet of the 208 lines to which the Schedule was sent 88 made full returns under oath, this number representing lines engaged in nearly every sphere of this country's foreign trade. Moreover, since nearly all the foreign steamship lines are organized in conferences or operate under agreements as regards their respective routes to and from the United States, it follows that the replies of one line would answer, from the standpoint of the Committee's requirements, for the entire group of conference lines. In fact, in a considerable number of instances, it appears that the Committee's request received joint action by a number of conference lines and that one line was delegated to submit answers for the entire group.

Considered in their entirety, the sworn replies of the domestic and foreign water carriers and the railroads proved a most valuable source of information, and a very considerable portion of this report is based upon the facts thus obtained. It may be added that, as the replies to the Committee's inquiries showed the existence of agreements or affiliations which required a more detailed explanation than that given, further details were obtained by correspondence with the parties involved. The proper officials of all rate, tariff and traffic associations, both with reference to water and rail carriers, were also requested to furnish copies of the associations' constitutions and by-laws and any tariffs published, as well as an explanation of the associations' purposes.

(2) The Department of State cooperated with the Committee by issuing at the request of Chairman Alexander, under date of April 17, 1912, a circular of instructions, containing six interrogatories (reproduced on p. 16), to the diplomatic and consular representatives of the United States in foreign countries for the preparation of reports on those methods and practices of foreign steamship lines engaged in the American Foreign trade that were contemplated under the terms of the aforementioned resolutions. In response to this circular of instructions 94 reports, representing practically every country of any importance in the import and export trade of the United States,

were prepared for the special use of the Committee, and have been published in volume 3 of the Committee's Proceedings. In many instances the reports received by the Committee were accompanied by numerous exhibits—principally copies of laws, reports and freight tariffs—of such a voluminous character that their publication seemed impracticable, although they proved of the greatest usefulness to the Committee in its investigation.

(3) Under date of September 3, 1912, the Department of State also requested American diplomatic and consular representatives to procure for the Committee the current freight tariffs or rates of the steamship lines engaged in our foreign trade, as regards the voyage to American ports. This request also met with a very general response, and in many instances the reports supplemented in important particulars the reports furnished in response to the State Department's circular of April 17, 1912.

(4) All boards of trade, chambers of commerce, produce exchanges and other leading commercial and shipping organizations were invited by the Committee in August, 1912, to be heard at the Committee's hearings or to file with the Committee, under promise of confidential treatment if so desired, any complaints, suggestions or information coming within the scope of the resolution. A considerable number of these associations either filed written reports with the Committee, or requested to be given a hearing through a representative, relative to conditions coming within the purview of the resolutions authorizing the investigation.

(5) Much assistance was obtained through the cooperation of the Department of Justice, which gave the Committee access to the testimony and exhibits in the cases now pending against various foreign and domestic water carriers for alleged violation of the Sherman Anti-Trust Law. The publications of the Bureau of Corporations on "Transportation by Water in the United States" and the decisions and files of the Interstate Commerce Commission proved to be valuable aids to the Committee. Moreover, much information was obtained from the "Report of the Royal Commission on Shipping Rings" and from the leading shipping journals. The New York Committee, appointed by the representatives of steamship lines maintaining established services from New York to foreign countries, also submitted a report to the Committee (published in vol. 2, pp. 1357-1375 of the Committee's Proceedings), which

presents a comprehensive statement of the reasons which lead to the formation of steamship agreements and conferences, and the advantages resulting from such arrangements.

(6) Following the receipt of most of the replies to the Schedule of Inquiries addressed to the foreign and domestic water carriers and the railroads, as well as to American diplomatic and consular representatives, and after a general survey had been made of the data secured through all of the aforementioned sources of information, the Committee held public hearings with a view to making the investigation more complete. The chief purpose of these hearings was to ascertain certain facts which did not appear clearly from the information already obtained, and to give all shipping and steamship interests which so desired, an opportunity to present their grievances, suggestions for remedial legislation, or other contentions. These hearings extended from January 7 to March 3, 1913, and the evidence was published in the first two volumes of the Committee's Proceedings. In all 55 witnesses were heard, the same having been selected (1) with reference to their apparent ability, judging from their relations to various steamship lines, to explain the nature of the steamship agreements or affiliations existing in the several divisions of our foreign and domestic trade, and (2) with a view to having all the geographic trade zones properly represented. Thirty-two witnesses represented important steamship lines which had agreements or affiliations with other lines; while eight represented so-called independent lines, and appeared before the Committee to explain the difficulties which they encountered in meeting the practices of the so-called conference lines. Nearly all of the other witnesses appeared as representatives of freight bureaus, boards of trade and other commercial associations. While numerous individual shippers voluntarily presented their grievances to the Committee, under promise of confidential treatment, very few were willing (fearing retaliation) to testify openly against the steamship line or lines upon which they were dependent for the movement of their freight.

(7) At the conclusion of the hearings, and in view of the contentions of the conference line representatives and the reluctance of shippers to express their complaints openly for fear of retaliation, the Committee decided, under promise of confidential treatment, to ascertain approximately the extent to which leading shippers indorsed

the views of the conference line representatives. Accordingly, the Committee addressed a circular letter, under date of February 18, 1913, (for copy see p. 17) to approximately 2,000 individuals and firms, this number including manufacturing firms, exporting largely to foreign markets, as well as all export commission houses, forwarders, brokers and managers enumerated in the 1912 issue of the American Exporters' Export Trade Directory for the ports of New York, Boston, Philadelphia, Baltimore, New Orleans, San Francisco, Portland, Seattle and Tacoma. Nearly 300 replies were received in response to the above-mentioned letter, the majority of the communications expressing in detail the reasons for their approval or disapproval of steamship conferences and agreements. These replies have been classified and summarized in volume 2 (pp. 1397-1408) of the Committee's Proceedings. Although a more general response would have proven more conclusive, the replies received indicate the position taken by leading exporting and importing interests of this country regarding the advantages and disadvantages of steamship conferences as now conducted. This is particularly the case, since most of the replies came from large manufacturing and exporting commission houses, whose business operations extend to many geographic divisions of our foreign trade, and whose many years of experience have given them the opportunity to compare conditions prevailing under both the competitive and noncompetitive systems in the shipping business.

(8) Although our diplomatic and consular representatives were instructed to report the extent to which the countries of their official residence grant subsidies, subventions, bounties or other similar advantages to steamship lines, the Committee did not particularly emphasize this phase of the investigation, partly because the subject was comprehensively covered in the Annual Report of the Commissioner of Navigation for the year 1909, and partly because the British Government recently issued a detailed summary on "Bounties and Subsidies in respect of Shipbuilding, Shipping and Navigation in Foreign Countries." (Cd. 6899, June 1913). The numerous reports on the subject submitted to the Committee by American diplomatic and consular representatives have, however, been published in volume 3 of the Committee's Proceedings, and may there be found classified under the names of the various countries.

Plan and Purpose of the Report.

The following pages represent the bringing together, in the form of a classified summary, of all the essential facts obtained from all sources just enumerated. In view, however, of the constant changes occurring in the relations between at least some of the hundreds of steamship lines involved in the investigation, it should be noted that this report presents the facts as they existed at the close of the hearings and the receipt by the Committee of the answers to the Schedules of Inquiries addressed to the steamship lines, the railroads, and our diplomatic and consular representatives. While changes have no doubt taken place since the information was obtained, it is certain that the general situation has not materially changed.

It was considered advisable to divide this report into two parts, viz, Part I, dealing with "Steamship Agreements and Affiliations in the American Foreign Trade," and Part II, relating to "Steamship Agreements and Affiliations in the American Domestic Trade." Each part, in turn, has been divided and subdivided in accordance with the geographic trade zones of, and trade routes in, our foreign and domestic trade.

S. S. HUEBNER.

[H. Res. 425, Sixty-second Congress, second session.]

IN THE HOUSE OF REPRESENTATIVES.

FEBRUARY 24, 1912.

Mr. HARDY submitted the following resolution; which was referred to the Committee on Rules and ordered to be printed.

Resolved, That the Committee on the Merchant Marine and Fisheries be, and is hereby, empowered and directed to make a complete and thorough investigation of the methods and practices of the various steamship lines, both domestic and foreign, engaged in carrying our over-sea or foreign commerce and in the coastwise trade and the connection between such steamship lines and railroads; and to investigate whether such ship lines have formed any agreements, conferences, pools, or other combinations among each other or with railroads for the purpose of fixing rates and tariffs or of giving rebates, special rates, or other special privileges or advantages, or for the purpose of pooling and dividing their earnings, or for the purpose of preventing or destroying competition; also to investigate as to what method, if any, is used by such shipping lines, foreign or domestic, and railroads to prevent the publication of their methods and practices in the United States; also to investigate and report to what extent and in what manner any foreign nation has subsidized or may own any vessel engaged in our foreign commerce; also to investigate and report to what extent any ship lines and companies engaged in our foreign or coastwise or inland commerce are owned or controlled by railway companies, or by the same interests and persons owning or controlling railroad companies; and said committee shall further investigate whether the conduct or methods or practices of said foreign steamship lines are in contravention of our commercial treaties or in violation of our laws, and what effect said methods and practices have on the commerce and freight rates of the United States; and shall further investigate what effect such combinations, agreements, and practices of railroads and our coastwise and inland shipping lines or of railroads and over-sea shipping lines, whether domestic or foreign, if any are found to exist, have on the commerce and freight rates of the United States, and whether the same are in violation of any law of the United States.

SEC. 2. That said committee shall report to the House all the facts disclosed by said investigation, and what legislation, if any, it deems advisable in relation thereto.

SEC. 3. That said committee, or any subcommittee thereof, is hereby empowered to sit and act during the sessions or during the recess of Congress at such place or places as may be found necessary, and to require the attendance of witnesses, the production of books, papers, and other documents, by subpoena or otherwise, to swear such witnesses and take their testimony orally or in writing.

SEC. 4. That said committee is hereby authorized to employ such counsel and experts and clerical and other assistance as shall be necessary to perform its duties hereunder.

SEC. 5. That the Speaker shall have authority to issue subpoenas for witnesses, upon the request of the committee, during the recess of Congress in the same manner as during the sessions of Congress.

[H. Res. 587, Sixty-second Congress, second session.]

IN THE HOUSE OF REPRESENTATIVES.

JUNE 18, 1912.

Mr. ALEXANDER submitted the following resolution; which was referred to the Committee on Rules and ordered to be printed.

Resolved, That the Committee on the Merchant Marine and Fisheries be, and is hereby, empowered and directed to make a complete and thorough investigation of the methods and practices of the various ship lines, both domestic and foreign, engaged in carrying our over-sea or foreign commerce and in the coastwise and inland commerce, and the connection between such ship lines and railroads and other common carriers, and between such lines and forwarding, ferry, towing, dock, warehouse, lighterage, or other terminal companies or firms or transportation agencies, and to investigate whether any such ship lines have formed any agreements, understandings, working arrangements, conferences, pools, or other combinations among one another, or with railroads or other common carriers, or with any of the companies, firms, or transportation agencies referred to in this section, for the purpose of fixing rates and tariffs, or of giving and receiving rebates, special rates, or other special privileges or advantages, or for the purpose of pooling or dividing their earnings, losses, or traffic, or for the purpose of preventing or destroying competition; also to investigate as to what methods, if any, are used by such ship lines, foreign or domestic, and railroads and other common carriers, or of any of the companies, firms, or other transportation agencies referred to in this section, to prevent the publication of their methods, rates, and practices in the United States; also to investigate and report to what extent and in what manner any foreign nation has subsidized or may own any vessels engaged in our foreign commerce; also to investigate and report to what extent any vessel lines and companies, or any of the companies, firms, or transportation agencies referred to in this section, engaged in our foreign or coastwise or inland commerce, are owned or controlled by railway companies, by other ship lines or companies, or by any of the companies, firms, or transportation agencies referred to in this section, or by the same interests and persons owning or controlling railroad companies, ship lines, or other common carriers, or any of the companies, firms, or transportation agencies referred to in this section; and said committee shall further investigate whether the conduct or methods or practices of said foreign steamship lines are in contravention of our commercial treaties, or in violation of our laws, and what effect said methods and practices have on the commerce and freight rates of the United States; and shall further investigate what effect such combinations, agreements, understandings, working arrangements, and practices of railroads and our coastwise and inland shipping lines, or of railroads and such shipping lines and any of the companies, firms, or transportation agencies referred to in this section, or of railroads and over-sea shipping lines, whether domestic or foreign, if any are found to exist, have on the commerce and freight rates of the United States, and whether the same are in violation of the laws of the United States.

SEC. 2. That said committee shall report to the House all the facts disclosed by said investigation and what legislation, if any, it deems advisable in relation thereto.

SEC. 3. That said committee, or any subcommittee thereof, is hereby empowered to sit and act during the sessions or recess of Congress at such place or places as may be found necessary and to require the attendance of witnesses, the production of books, papers, rates, tariffs, and other documents by subpoena or otherwise, to swear such witnesses and take their testimony orally or in writing.

SEC. 4. That said committee is hereby authorized to employ such counsel and experts and clerical and other assistance as shall be necessary to perform its duties hereunder.

SEC. 5. That the Speaker shall have authority to issue subpoenas for witnesses, upon the request of the committee, during the recess of Congress in the same manner as during the sessions of Congress.

SCHEDULE OF INQUIRIES SUBMITTED BY THE COMMITTEE ON THE MERCHANT MARINE AND FISHERIES TO DOMESTIC WATER CARRIERS (UNDER DATE OF AUG. 21, 1912) IN PURSUANCE OF H. RES. 587.

(The following inquiries were arranged in a schedule of 77 pages. Under each inquiry, where necessary, suitably ruled columns were provided to facilitate the classification of the information requested. A copy of the schedule may be obtained upon application to the Committee.)

1. (a) State the full name of your company, firm, or line.
- (b) The form of its organization (whether a corporation, partnership, or individual carrier.
- (c) The dates of its incorporation and establishment.
- (d) The address of its principal office.

2. If a firm, give the names and addresses of its members, and the names and official titles of its managers.

Instructions for answering questions 3 and 4.

If there are receivers, trustees, or committees, who are recognized as in the controlling management of the line, or of some department of it, give their names, titles, and the locations of their offices. Where the duties of an officer are not in accordance with the customary acceptance of his given title, or if the title does not convey the nature of the officer's duties, state briefly the facts under "Explanatory remarks."

3. If a corporation, give the names and addresses of the directors.
4. If a corporation, give the names, titles, and official addresses of its officers and the officer to whom correspondence concerning this report should be addressed.
5. If your corporation, firm, or line, at the time of its organization, represented a consolidation or merger of any companies, firms, or individual carriers, give the names and addresses of all the companies, firms, and individual carriers thus consolidated or merged.
6. Give the names and addresses of all corporations, firms, or individual carriers which your company, firm, or line has acquired, either by purchase, lease, or otherwise, since its organization. Give the dates of all such acquisitions.
7. Give the names of all corporations, any portion of whose common or preferred stock, or bonds, short-term notes or other securities, has been acquired by purchase, by exchange, or otherwise, by your company, firm, or line at any time since its organization. State the amount of stock, bonds, short-term notes and other securities acquired in each company, and the date of acquisition.
8. If a corporation, state—
 - (a) The amount of preferred stock now outstanding.
 - (b) The amount of common stock now outstanding.
 - (c) The amount of bonds and other indebtedness now outstanding.

(Specify the various issues of bonds and notes outstanding and their respective amounts and interest rates.)
9. State the original amount of preferred stock, common stock, bonds, and other securities issued at the time of incorporation.
10. Explain the nature of the voting power attaching to each class of stock in your company. If one class of stock possesses a preference in voting power as compared with another, state the facts relating to such preference.

11. If any voting trust or any other arrangement exists relative to the voting of the stock, state the facts of such voting trust or arrangement in detail.
12. Specify the dividends (rate and amount) paid on each of the various classes of stock by your company for each of the last five years.
13. What were the gross and net earnings of your company for each of the last five years? File with the Committee a copy of your latest annual report to stockholders.
14. Give the names and addresses of all corporations and firms owning stocks or bonds or other securities in your company. State the classes of securities and the amount of each class owned by each such corporation or firm, and the date or dates of acquisition.
15. Give the names and addresses of the 10 individuals (as distinguished from corporations and firms) owning the largest amounts of voting securities in your company.
16. If your company, firm, or line is the owner of any stocks or bonds or other securities in any railway company or companies, navigation company or companies, or any other common carriers, or in any forwarding, ferry, or towing company or companies, or dock, warehouse, lighterage, or other terminal company or companies, give the names and addresses of all such companies, stating the classes and amounts of securities of each such company owned by your company, and the percentage of the total common or preferred stock, or of the bonds or other securities of each such company, the holdings of your company represent.

Instructions for answering question 17.

By the term "Control" in Question 17 is meant the ability to determine the action of a corporation, firm, or line.

Under the heading "Control, how established," should be entered the form of control exercised, i. e., whether through title to voting securities; any agreement, other than through title to securities, to name majority of directors, or the managers, or trustees of the controlling corporation; right to foreclose a first lien upon all or a major part of the property of the controlled company, firm, or line; right of control in some specific respect only; or right of control by lease or otherwise.

Also specify all those controlled corporations, firms, or lines which are inactive.

17. If your company, firm, or line controls, either directly or through any other company or firm, any railway company or companies; navigation companies, firms or lines, or any other common carriers, or forwarding, ferry, or towing companies or firms; or dock, warehouse, lighterage, or other terminal companies or firms; by ownership, by lease, by mortgage, or otherwise, give the names and addresses of all the companies and firms thus controlled, directly or indirectly, and state the essential terms of the lease showing such control, or the character and extent of the control or interest that you have in each.
18. Have any of the companies or firms owned, leased, or otherwise controlled by your line, or of whose stock, bonds, other securities, or property you own any portion, any interest, directly or through any other company or firm, in other navigation companies or firms, or in any of the concerns enumerated in questions 16 and 17? If so, give the names and addresses of such companies and firms, and state what interest each has, directly or through any other company or firm, in other navigation companies or in any of the concerns enumerated in questions 16 and 17.
19. Is your company, firm, or line affiliated with any other navigation company or companies, or with any of the concerns enumerated in questions 16 and 17, through agreements, or through any understandings or working arrangements, as regards the exchange of traffic or the division of traffic?

If so, name all such companies and firms, or lines, and state the terms of such agreements or understandings.

20. Does your company, firm, or line, own or control, by lease or otherwise, piers, docks, or other water terminals? If so, give a list of such piers, docks, or other water terminals, giving the location of each, and stating the terms of the lease showing such control, or the character and extent of the control or interest which you have in each.
21. Has your company, firm, or line leased or chartered vessels from other owners during the years 1911 and 1912? If so, give the names and addresses of such owners. Also name the vessels, and give the total gross and net tonnage represented by the vessels thus leased or chartered from each owner during 1911 and 1912.
22. Has your company, firm, or line leased or chartered any of its vessels to other operating agencies during the years 1911 and 1912? If so, give the names and addresses of such operating agencies. Also name the vessels, and give the total gross and net tonnage represented by the vessels thus leased or chartered to each operating agency during each of these years.
23. Has your company, firm, or line, at present (or if it has not now, has it had within the last two years), any agreements, any understandings or working arrangements, with any other navigation companies, firms, or lines, as regards—
 - (a) Routes over which vessels shall be operated,
 - (b) Time or number of sailings between designated ports,
 - (c) Passenger fares or freight rates, and as to the maintenance or change of the same,
 - (d) Maintenance of service,
 - (e) Division of traffic,If so, give the names of such companies, firms, or lines; and state in connection with each the terms of each agreement or arrangement.
24. If your company, firm, or line is a member of, or affiliated with, or has any understanding with any associations, exchanges, or conferences (whether rail, water, or otherwise), give the names and addresses of all such associations, exchanges, and conferences, stating the nature of your connection or affiliation with each.
25. File a sworn copy of all port-to-port class and commodity rates now charged by your company, firm, or line. Accompany your copy with a statement as to when the rates went into effect.
26. Does each of the rates charged by your company, firm, or line include all charges for marine insurance, dockage, wharfage, switching, towing, loading, or unloading, or are certain services like these charged for separately? Give the details.
27. Do any of your vessels operate on season or time contract rates? If so, name the vessels and give the rates as last in force.
28. What arrangements have you with railroads or water lines for through routing and division of rates? Specify the railroads and water lines with which you have such arrangements, and give the essential terms of each arrangement.
29. Have any railroads refused to prorate with your line? If so, name the railroads and state the facts and circumstances surrounding such refusal.
30. Are any of the rates charged by your company, firm, or line differential rates under the established railroad rates? If so, state what the differentials are.
31. Have there been any changes in these differentials during the past five years? If so, state what changes have taken place, and the dates of such changes.

32. Do you encounter competition from other water carriers? If so, state the nature of the competition; and, if competing with other regular water lines, as distinguished from tramps, give the names of such lines.
33. Designate the route over which the vessels of your company, firm, or line are operated, stating the terminals and other stopping points on the route. If you operate several divisions, give the information for each line. If the routes differ on the return voyage as compared with the outward voyage, state such differences. File with your answer any maps you possess showing the course of the route or routes operated by your line.
34. Name the vessel lines owned by other companies, firms, or individual carriers which connect any of the ports between which your line or its divisions run; and name the ports thus connected by each such vessel line.
35. Give the names of the vessels (1) which you own and (2) which you operate but do not own. Indicate the class of each vessel and give its gross and net tonnage.
36. Specify the 10 principal commodities carried by your line in each direction (i. e., north and south, east and west) in the approximate order of quantity carried. What is the general nature of the balance of freight carried by your line?
37. If your company, firm, or line is owned or controlled by a producing or mercantile company, state whether you carry exclusively for yourselves, or whether you also carry for others. State approximately the relative amount of freight carried for yourselves and for others.

SCHEDULE OF INQUIRIES SUBMITTED BY THE COMMITTEE ON THE MERCHANT MARINE AND FISHERIES TO STEAMSHIP LINES ENGAGED IN THE AMERICAN FOREIGN TRADE (UNDER DATE OF OCTOBER 3, 1912) IN PURSUANCE OF H. RES. 587.

(The following inquiries were arranged in a schedule of 17 pages. Under each inquiry, where necessary, suitably ruled columns were provided to facilitate the classification of the information requested. A copy of the schedule may be obtained upon application to the Committee.)

1. Is your company, firm, or line, at present (or, if it is not now, has it been within the last two years) a party to any agreement or agreements, or any understandings, with any other steamship line or lines as regards either the freight or passenger traffic to or from the United States, and with reference to any of the following purposes:
 - (1) The division of traffic, or a territorial division of routes.
 - (2) The discontinuance of service between designated ports by either your line, or by the other party to the agreement.
 - (3) Meeting the competition of other lines.
 - (4) Regulating the time and number of sailings between designated ports.
 - (5) The fixing of freight rates, or passenger fares, and the maintenance or change of the same.
 - (6) The granting of deferred rebates, or other privileges or advantages.
- If so, give the names of all steamship lines with whom you have any agreement or understanding, involving any of the above-mentioned purposes, and specify the trade route to which each such agreement or understanding applies. FURNISH A COPY OF EACH AGREEMENT, IF ANY EXISTS, IN WRITING.
- If any of the agreements or understandings referred to above are not in writing state the essential terms as regards any of the above-mentioned purposes which may be covered by the agreement or understanding.

2. Is your company or line a member of, or has it any agreements or understandings with, any steamship conferences or pools as regards either the freight or passenger traffic to or from the United States? If so, (1) name each conference or pool of which your company or line is a member, or with which it has an agreement or understanding; (2) give the name and business address of the secretary, or corresponding officer, of each conference or pool; and (3) furnish a copy of the conference or pool agreement.
3. Has your company or line any traffic arrangement or any understanding with any railroad or railroads in the United States as regards the freight traffic to or from the United States, and with reference to any of the following purposes:
 - (1) The establishment of a service between designated ports.
 - (2) Through routing arrangements.
 - (3) The division of traffic, or a territorial division of routes.
 - (4) The provision for an exclusive working arrangement between the railroad and the steamship line in matters of water transportation.
 - (5) Mutual assistance in obtaining traffic.
 - (6) Meeting the competition of other lines.
 - (7) Regulating the time and number of sailings between designated ports.
 - (8) The fixing, maintenance, or division of joint rates.

If so, name each railroad with whom you have any agreement or understanding referring to any of the above-mentioned purposes. FURNISH A COPY OF EACH AGREEMENT IF IT EXISTS IN WRITING. If any of the above-mentioned agreements or understandings are not in writing, state the essential terms of each as regards any of the above-mentioned purposes.

4. Specify the route (to and / or from the United States) over which the vessels of your company or line are operated, stating the terminals and other stopping points on the route. If you operate several lines to and / or from the United States, give the information for each line. As regards each route, give the names of the steamers which you operate, and indicate the gross and net tonnage of each.
5. Send a copy of the freight rates now charged by your company or line (1) from the United States to the foreign ports reached by your line, and (2) from such foreign ports to the United States. If you operate several lines to and / or from the United States, the rates now charged by each line should be furnished.
(If you have already filed any of the above-mentioned rates with the Committee, they need not be sent again.)

SCHEDULE OF INQUIRIES SUBMITTED BY THE COMMITTEE ON THE MERCHANT MARINE AND FISHERIES TO AMERICAN RAILROADS (UNDER DATE OF SEPTEMBER 16, 1912) IN PURSUANCE OF H. RES. 587.

(The following inquiries were arranged in a schedule of 23 pages. Under each inquiry, where necessary, suitably ruled columns were provided to facilitate the classification of the information requested. A copy of the schedule may be obtained upon application to the Committee.)

1. Give the names of all water transportation companies, any portion of whose common or preferred stock, or bonds or other securities, are owned by your company. State the amount of stock and other securities owned in each company, and the date of acquisition.
2. Give the names and addresses of all water carriers (whether corporations, firms, or individual carriers) in which your company has obtained any interest by ownership, mortgage, lease, or agreement, or in consequence of advances, or other-

wise. The answer to this question does not require a repetition of the information called for in Question 1.

3. If your company is the owner of any stocks, bonds, or other securities in any forwarding, towing, dock, warehouse, lighterage, or canal company or companies, give the names and addresses of all such companies, stating the classes and amounts of securities of each such company owned by your company, and the percentage of the total common stock, preferred stock, bonds, and other securities of each such company the holdings of your company represent.
4. Give the names and addresses of all forwarding, towing, dock, warehouse and lighterage concerns (whether corporations, firms, or otherwise) in which your company has obtained any interest by ownership, mortgage, lease, or agreement, or in consequence of advances, or otherwise. The answer to this question does not require a repetition of the information called for in Question 3.
5. Have any of the water carriers, or any of the companies and firms enumerated in Questions 3 and 4, which are owned, leased, or otherwise controlled by your company, or in which your company has any interest by ownership, mortgage, lease, agreement, advances, or otherwise, any interest, directly or through an intermediary, in any navigation companies or firms, or in any of the concerns enumerated in Questions 3 and 4? If so, give the names and addresses of such companies and firms and state what interest each has, directly or through an intermediary, in other navigation companies, or in any of the concerns enumerated in Questions 3 and 4.
6. Give the names of the vessels, if any, (1) which are owned and operated (i. e., which are not owned by separately incorporated companies) by your company or its subsidiaries; (2) which are owned by your company or its subsidiaries, but which are operated by other companies or firms; and (3) which are operated by your company or its subsidiaries, but which are owned by other companies or firms. As regards the vessels embraced in groups (2) and (3), give the names and addresses of the companies and firms which operate your vessels, or whose vessels you operate, as the case may be.
7. Has your company any traffic agreements, or any understandings or working arrangements, with any water transportation lines, either domestic or foreign, as regards any of the following:
 - (1) The establishment of a service between designated ports.
 - (2) Through routing arrangements.
 - (3) The division of traffic, or a territorial division of routes.
 - (4) The provision for an exclusive working arrangement between the railroad and the ship line in matters of water transportation.
 - (5) Mutual assistance in obtaining traffic.
 - (6) Meeting the competition of other lines.
 - (7) The time and number of sailings between designated ports.
 - (8) The fixing, maintenance, and division of joint rates.

If so, give the names of such navigation companies, firms, or lines. FURNISH A COPY OF EACH AGREEMENT, IF IT EXISTS IN WRITING. If any of the agreements or understandings, referred to above, have not been reduced to writing, state the essential terms of such agreements or understandings.

[Department Circular No. 123. Special instruction. Consular.]

METHODS AND PRACTICES OF STEAMSHIP LINES ENGAGED IN THE FOREIGN CARRYING
TRADE OF THE UNITED STATES.

DEPARTMENT OF STATE,
Washington, April 17, 1912.

To certain American diplomatic and consular officers in Europe, South America, and the Far East.

GENTLEMEN: At the request of the Hon. Joshua W. Alexander, chairman of the Committee on the Merchant Marine and Fisheries of the House of Representatives, and in response to the requirements of a resolution introduced in the House of Representatives on February 24, 1912, a copy of which is reproduced on the overleaf herewith, you are instructed to prepare and transmit a report, in duplicate, on the methods and practices of various steamship lines engaged in carrying the foreign commerce of the United States. It is desired that your report shall include complete and satisfactory answers, so far as practicable, to the following interrogatories:

1. Ascertain and report whether any steamship lines running to the ports of the country of your official residence have formed agreements, conferences, pools, or other combinations with each other or with the railroads of the country for the purpose of fixing rates and tariffs, or of giving rebates, special rates, or other special privileges or advantages, or for the purpose of pooling and dividing their earnings, or for the purpose of preventing or destroying competition; or whether steamship lines and railroads have agreements, or understandings, or practices by which a different and more favorable through rate is given when shipment is made thereunder from the through rate on shipments not made in conformity thereto. If obtainable, furnish copies of such agreement, or of any rule, regulation, or directions showing such practices to exist.
2. Describe the method, if any, used by such shipping lines and the railroads to prevent the publication of their methods and practices in the United States; and whether under any law, rule, regulation, or custom any favors are shown to any ships or ship lines, whether in the way of shipbuilding bounties, subventions or bounties, or otherwise are granted to such ships or ship lines which would give them any advantage in competition with ships or ship lines, and furnish copy.
3. To what extent and in what manner has the country of your official residence subsidized and may own vessels engaged in the foreign commerce of the United States?
4. Report any instances known to you where steamship lines and companies engaged in the foreign commerce of the United States are owned or controlled by railway companies, or by the same interests owning or controlling railway companies.
5. Report whether the conduct or practices of foreign steamship lines in any of the particulars mentioned, if found to exist, appear to be in contravention of the commercial treaties of the United States, or in violation of the laws of the United States, and what is their effect on the commerce and freight rates of the United States.
6. Describe the effect such combinations, agreements, and practices of railroads and oversea shipping lines, if found to exist, have on the commerce and freight rates of the United States.

In order to avoid duplication in the reports by the diplomatic and consular officers in the same country the consuls whose names are subjoined are instructed to correspond with the diplomatic officer in the country before preparing their reports. Question 3 is preeminently one for the diplomatic officers. The other questions may be answered both by the consuls at the seaports and the diplomatic officer at the capital.

The committee desires to have this information before it before the end of the present session of Congress. The report should therefore be prosecuted with all due diligence consistent with accuracy of statement and a reasonable measure of comprehensiveness.

I am, gentlemen,

Your obedient servant,

HUNTINGTON WILSON,
Acting Secretary of State.

CIRCULAR LETTER OF FEBRUARY 18, 1913, RELATING TO THE ADVANTAGES AND DISADVANTAGES OF STEAMSHIP AGREEMENTS AND CONFERENCES, ADDRESSED BY THE COMMITTEE ON THE MERCHANT MARINE AND FISHERIES TO EXPORTING AND IMPORTING FIRMS OF THE COUNTRY.

FEBRUARY 18, 1913.

DEAR SIR: At the recent public hearings before the Committee on the Merchant Marine and Fisheries (conducted in pursuance of H. Res. 587) a large number of representatives of steamship lines engaged in the American foreign trade have frankly admitted the existence in this trade of written agreements or friendly understandings between the established lines operating in their respective trades for the fixing and maintenance of uniform rates, and not infrequently for the purpose of pooling their business or holding their traffic by means of a rebate system. Considered in its entirety, the testimony shows that, as regards nearly every foreign-trade area, all the established lines operating to and from American ports are working in harmonious cooperation, either through written agreements, conference arrangements, or gentlemen's understandings.

Practically all these steamship representatives have asserted that such agreements or arrangements are a natural evolution, and are necessary for doing the business and giving to the shippers an ample tonnage and an efficient, frequent, and regular service at reasonable rates. Such agreements, they contend, are a protection to the shipper as well as the shipowner. To the shipper they insure desired stability of rates and the elimination of secret arrangements with competitors. To the shipowner they tend to give a dependable return on the investment, thus enabling the lines to provide new facilities for the development of the trade. Such agreements, it was also argued, furnished the means for taking care of the disabilities of the weaker lines, whereas unrestricted competition, based on the survival of the fittest, tends to restrict the development of the lines and in the end must result in monopoly.

Moreover, with reference to the practices of steamship lines, judged from the standpoint of the shipper, the representatives of the conference lines testified as follows:

- (1) That the tonnage and facilities are ample.
- (2) That the rates are reasonable.
- (3) That the rates and service are such as not to operate prejudicially to our commerce as compared with foreign competitive markets.
- (4) That shippers are treated alike, and that special privileges and advantages are not given to some and denied to others.

The foregoing constitutes a brief summary of the essential contentions of the representatives of the conference lines. It is now the purpose of the committee to ascertain as far as possible the extent to which these contentions are indorsed by the patrons of the lines or to what extent exception is taken to the same. With this purpose in view, the committee respectfully requests you to make a frank statement of your views and experiences (with respect to the foregoing) in the several trades in which you are engaged, either as exporter or importer, with the distinct understanding that your communication will be considered confidential. Moreover, if you have in mind any suggestions which you feel the committee should take under advisement in formulating its recommendations to Congress for proposed legislation, I shall be pleased to have you state the same.

Very truly, yours,

J. W. ALEXANDER,
Chairman.

PART 1.

Steamship Agreements and Affiliations in the
American Foreign Trade.

CHAPTER I.

PASSENGER AGREEMENTS IN THE AMERICAN-EUROPEAN TRAFFIC.

Extent and Nature of the Passenger Traffic.

The most noticeable feature of the North Atlantic traffic between the United States and Europe is the dominant importance of the passenger business, and especially the steerage traffic. As stated in the report of the New York Committee of steamship representatives (vol. 2, p. 1358)—

The increasing passenger traffic, not only of Americans visiting Europe but of Europeans coming to this country, has enabled these most costly instruments of modern transportation to ply the Atlantic throughout the whole year. The steadily increasing immigration, together with the patronage of those who wish to revisit their homes abroad, furnishes a steady steerage traffic which demands and receives the most painstaking attention of the lines. It is the very lifeblood of the business, so far as these superior boats are concerned, without which their existence and further operation would become impossible.

For the year 1912 the aggregate number of passengers arriving at and departing from all the North Atlantic ports of the United States and Canada totaled 2,165,600. Out of the 1,462,700 passengers figuring in the westbound movement to the Atlantic ports no fewer than 1,066,345 were landed at the port of New York. A classification of the passengers, both westbound and eastbound, also shows that the third-class passenger business comprised over 71 per cent of the total, the respective number of passengers for each class of service being indicated in the following table:

WESTBOUND.		EASTBOUND.	
First class-----	106, 000	First class-----	101, 300
Second class-----	293, 500	Second class-----	125, 600
Third class-----	1, 063, 200	Third class-----	476, 000
		Total-----	2, 165, 600

In the westbound traffic during 1912 it also appears that 15 lines, representing the North Atlantic and Mediterranean services, each bringing in passengers to the number of 20,000 and upward, carried

897,000 passengers, or nearly two-thirds of the total. Considering the most important companies, according to their cooperation or affiliations, it appears that four groups of lines carried 723,768 passengers, or approximately one-half of the total number, in the west-bound movement. These groups are the following:

	Total trips.	Passengers.
German—North German Lloyd, Hamburg-American, and Holland American Lines	268	358,287
International Mercantile Marine—White Star, Red Star, American, and Atlantic Transport.....	222	165,405
Cunard and Anchor.....	150	146,497
Italian lines—Navigazione Generale Italiana, Veloce, and Italia only	37	53,579
Total.....	677	723,768

The General Nature and Purpose of Passenger Agreements.

The foregoing figures show that by far the largest share of the North Atlantic passenger traffic in both directions is carried by a comparatively small number of the important lines. From the standpoint of control, however, it is significant that all the lines already referred to, as well as many others, have entered into a series of agreements which cover all classes of the North Atlantic passenger business and which embrace all of the well-known lines operating to and from British, North Continental, and Mediterranean ports. The accompanying chart shows that over 28 trans-Atlantic lines have within recent years been affiliated in their respective spheres, as regards their passenger business, through membership in four conferences and by virtue of at least 12 agreements. In fact, the testimony in the suit of *The United States v. the Hamburg-American Line et al.* would seem to indicate that only a few lines of lesser importance, such as the Uranium Line and the two Greek lines (recently merged into one), are outside of the conference arrangements. Certainly, when there is added to the statistics of the lines already referred to in the first section of this chapter, all of which belong to the conferences, the passenger traffic of the other lines indicated in the accompanying chart, it is clear that only a very small percentage of the total passenger trade between Europe and America is carried by lines which are not parties to agreements and conferences for the regulation of the traffic. A closer examination of the chart (the several agreements will be discussed later) will show that each group of lines representing the

NORTH CONTINENTAL AGREEMENTS

AGREEMENT RESPECTING ANTWERP
(The two lines have entered into a differential freight rate agreement respecting the port of Antwerp.)

AGREEMENT RESPECTING HAMBURG AND BREMEN. By agreement Hamburg is reserved for Hamburg American and Bremen for North German Lloyd, as regards sailings from all American ports north of Savannah.

AGREEMENT RESPECTING ANTWERP AND ROTTERDAM. (Indicated lines have an understanding that they will reserve Rotterdam for the Holland American, and Antwerp for the Red Star, on the westbound voyage to America.)

N. D. L. V. WESTBOUND FREIGHT AGREEMENT

N. D. L. V. PASSENGER AGREEMENT
(Articles 15 and 17 reserve to each of the indicated lines certain ports, both outward and inward, as regards the American freight traffic.)

AGREEMENT G
Concluded between the N.D.L.V. and the Compagnie Generale Transatlantique. Article 10 reserves the port of Havre to the French line as regards freight and passengers.

AGREEMENT N
(Concluded between the N.D.L.V. and the Austro-Americana. Article 15 apportions territory between the contracting parties as regards the American freight traffic.)

AGREEMENT RESPECTING ROTTERDAM
(The two indicated lines have entered into an agreement for the maintenance of freight rates at the port of Rotterdam.)

NORTHERN INTERNATIONAL TRANSOCEANIC TRAFFIC ASSOCIATION. (Regulates traffic from northern Russia to northern Europe and transatlantic ports. Besides direct lines indicated to and from U.S., combine includes at least 17 local Baltic lines and has entered into agreement with Russian state railroads.)

BALTIC POOL
(This pool governs both the eastbound and westbound traffic, as regards the Baltic ports.)

AGREEMENT RESPECTING NORWEGIAN PORTS. (Reported that indicated lines are contemplating the conclusion of an agreement)

FREIGHT AGREEMENTS
in the
NORTH ATLANTIC--EUROPEAN TRADE

- PHILADELPHIA TRANSATLANTIC LINE
- WILSON and FURNESS-LEYLAND LINE
- THOMSON LINE
- FURNESS LINE
- LEYLAND LINE
- CHESAPEAKE & OHIO S.S. CO. LINES
- WARREN LINE
- JOHNSTON LINE
- AMERICAN LINE
- ALLAN LINE
- CANADIAN PACIFIC RAILWAY COMPANY ATLANTIC STEAMSHIP SERVICES
- WHITE STAR--DOMINION LINE
- DONALDSON LINE
- ANCHOR LINE
- WHITE STAR LINE
- CUNARD LINE
- ATLANTIC TRANSPORT LINE
- MANCHESTER LINERS
- LAMPORT and HOLT LINE
- MOSS LINE
- PAPPAYANNI LINE
- ELLERMAN LINE
- PHOENIX LINE
- NORTH GERMAN LLOYD
- HAMBURG AMERICAN LINE
- HOLLAND AMERICAN LINE
- RED STAR LINE
- COMPAGNIE GENERALE TRANSATLANTIQUE
- AUSTRO-AMERICANA
- RUSSIAN EAST ASIATIC S. S. CO.
- WILSON LINE
- UNITED STEAMSHIP COMPANY (owning the SCANDINAVIAN-AMERICAN LINE)
- NAVIGAZIONE GENERALE ITALIANA
- LA VELOCE
- LLOYD ITALIANO
- LLOYD SABAUDO
- SICULA AMERICANA
- ITALIA
- COMPANIA TRANSATLANTICA DE BARCELONA
- PINILLOS LINE
- NORWAY-MEXICO GULF LINE
- SWEDISH-AMERICAN MEXICO LINE

AMERICAN ATLANTIC CONFERENCE
(Consists of Continental lines between the United States and the Continent of Europe. Mr. S.E. Morse, Secretary of this Conference, is also Secretary of the Transatlantic Freight Conference.)

TRANSATLANTIC FREIGHT CONFERENCE
(The indicated Conferences are sections of this Conference. Mr. S.E. Morse, Secretary of this Conference, is also Secretary of the American Atlantic Conference.)

LONDON CONFERENCE
(For the establishment of eastbound minimum rates. There is also a Conference for the fixing of minimum rates westbound from London.)

LIVERPOOL CONFERENCE
(For the establishment of eastbound minimum rates. There is also a Conference for the fixing of minimum rates westbound from Liverpool.)

GLASGOW CONFERENCE
(For the establishment of eastbound minimum rates. There is also a Conference for the fixing of minimum rates westbound from Glasgow.)

MANCHESTER CONFERENCE
(For the establishment of eastbound minimum rates. There is also a Conference for the fixing of minimum rates westbound from Manchester.)

ATLANTIC CONFERENCE
(Consists of British as well as Continental lines, and has the same Secretary as the N. D. L. V.)

AGREEMENT RESPECTING CHANNEL PORTS
(The indicated lines are reported to have entered into a minimum rate agreement covering the traffic from the Channel ports to the United States.)

MEDITERRANEAN WESTBOUND FREIGHT AGREEMENT
(Indicated lines have also an understanding as to minimum rates EASTBOUND to the Mediterranean. The lines are organized in the so-called MEDITERRANEAN CONFERENCE)

AGREEMENT RESPECTING AUSTRIA
(Indicated lines have agreed upon a minimum freight tariff from Austrian Adriatic ports to the United States.)

AGREEMENT RESPECTING THE LEVANT. (These lines have entered into an agreement respecting freight rates from the Levant to America, with transshipment at Liverpool. Reported that there is a rate agreement between all the lines accepting goods at New York, with the exception of the Fabre and Creek Lines.)

AGREEMENT RESPECTING SPAIN
(Indicated lines are reported to be parties to a rate agreement)

ENGLISH AGREEMENTS

MEDITERRANEAN AGREEMENTS

THE
OFFICE OF THE
SECRETARY OF THE
NAVY
WASHINGTON, D. C.

TO THE
HONORABLE
MEMBERS OF THE
HOUSE OF REPRESENTATIVES
WASHINGTON, D. C.

REPORT
ON THE
NAVY
FOR THE YEAR
1900
BY
THE SECRETARY OF THE NAVY
J. D. LONG

respective sections of Europe is governed by an agreement, and that where several trade routes adjoin or intersect one another the several conferences or groups of lines have entered into agreements with each other, so that practically the entire traffic is being operated by the great majority of the lines on the basis of established rules and in the spirit of harmony.

In the first and second class passenger business the primary purpose of these agreements, leaving out of account the working of the details, is to establish minimum rates for each steamer of the several lines in the agreement, depending upon the type of vessel and the trade in which it is operating. Judging from the agreements, the business is not pooled, and each steamer may charge more than the agreed minimum, depending upon the facilities offered to the passengers. As regards the steerage business, however, which in 1912 comprised over 70 per cent of the total traffic, the agreements are pooling arrangements, which, it is claimed by the steamship lines' representatives, were found necessary in order to preserve the smaller lines against annihilation and give every line a fair division of the traffic.

The steerage agreements allot to each line a certain percentage of the total traffic moving via certain ports, and operate on the plan that if one of the lines finds itself carrying far in excess of what it knows is its allotted percentage, it must temporarily raise its rates, thus automatically throwing the excess business coming to itself to some other line which is falling short of its share of the total traffic. As soon as the line raises its rates it advises the Secretary of the conference of the raise, who at once communicates the fact to all the other lines. The several lines also obligate themselves to furnish weekly traffic statistics to the Secretary of the conference, who keeps account of the same for all lines and furnishes the results to all the members of the conference. In this way every line knows from time to time the relative standing of the other lines, as far as their share of the total traffic is concerned. In case any line exceeding its allotted share should not seek to divert traffic from itself by raising rates, it may be compelled to do so by conference action.

Mr. P. A. S. Franklin, vice president of the International Mercantile Marine Co., in his testimony before the Committee (vol. 1, p. 582) emphasized the fact that no line is permitted to reduce its rate below a certain minimum in order to obtain its stipulated share of the business, and that the spirit of the agreement is not to reduce rates,

but instead to have any line, exceeding its share, advance its rates with a view to letting the other lines take the business. Moreover, if at the end of certain periods the accounts show that some lines carried in excess of their allotted portion, the agreements compel them to pay into a pool a certain sum per excess passenger for the benefit of the lines which carried less than their proportion. It therefore follows that a line, exceeding its proportion, might as well force the business to the other lines by raising its rates instead of carrying the business and paying back the money into the pool. It also follows that it is not to the interest of any line to cut rates below the minimum, because, according to the pooling arrangement, if it is not obtaining its share of the business, it is nevertheless getting its share of the money. On the other hand, there is no incentive for any line to acquire more than its share of the traffic, because, as Mr. Franklin testified, "the line which is getting an excess of business is putting out more money and effort and is using that capital and obtaining no return on it."

Thus it is seen that the steerage agreements have been so arranged that the various lines will find it to their interest to carry exactly those proportions of the traffic which they considered a fair division and which they bargained to give each other. To do otherwise, it is argued, would mean that the line which brings new ships into the trade would have them filled all the time, and that the lines with the most powerful financial backing would acquire much more than their fair share of the trade, thus bringing the situation to a question of the survival of the fittest. It has been ably argued before the Committee by Mr. Franklin and others that it has always been their experience that it is most difficult for each of a large number of lines operating under different conditions and from numerous competing ports and running different types of vessels—some old and some new—to maintain a fair percentage of the business unless they agree to combine and limit their actions. The consensus of the testimony before the Committee has been to the effect that the only practicable method of securing a fair share of business for all the lines, thus preserving the weaker ones, and of substituting harmony in place of discord and cutthroat competition, is through some form of pooling as just described, and that the primary purpose of such pooling agreements is to maintain a reasonable price and prevent the line or

lines with unlimited capital for development from ultimately acquiring the whole business.

It should also be noted that the steerage traffic agreements are in the nature of bargains between the lines, usually made for a few years only, and thereafter to continue from year to year unless discontinued. The agreements, in other words, are not made forever, and this fact is important in relation to the oft-repeated assertion that such agreements eliminate all competition, or furnish no inducement for certain lines to obtain their share of the business. Minimum rates, it is true, are established in all the trades; but it is also true that if a line demonstrates over a period of years that it can not carry its percentage of the traffic, it may, at the next revision of the agreement, 5 or 10 years later, be unable to prevent a reduction in its allotted percentage of the trade. From the standpoint of future bargaining, therefore, it is every line's desire to carry its full percentage of the business and to demonstrate that it is entitled to its allotted share. As a result there is always very keen competition between the lines in the solicitation of business in order to maintain their percentages.

Classification of Passenger Agreements.

None of the lines complied with the Committee's request for copies of all the passenger agreements to which it is a party. In their communications to the Committee most of the lines admit that they are parties to certain minimum-rate agreements covering first and second class business, and a more comprehensive agreement concerning the steerage traffic, and that it is their understanding that a copy of each agreement is in the possession of the district attorney for the southern district of New York, in connection with the Government's suit against the Hamburg-American Line et al. under the Sherman Anti-trust Act. It appears that 11 such agreements were obtained by the Government, and through the courtesy of the Department of Justice the Committee has obtained copies of the same.

An examination of these agreements shows that they divide themselves into three main classes, viz, (1) The N. D. L. V. and affiliated agreements, (2) the group of agreements governing the passenger traffic from the ports of the United Kingdom and north Europe, and (3) the Mediterranean passenger agreements. It will be

the purpose in the following pages to abstract the more important provisions of these agreements as they were presented to the Committee. As qualifying this abstract, however, it should be stated that these agreements are subject to constant changes and are frequently modified by resolutions adopted by the lines meeting in conference. It therefore follows that changes may have taken place without the Committee having knowledge of the same, as regards the percentage allotment of traffic between the lines, the admission or withdrawal of companies, the abandonment of old, and the negotiation of new contracts with individual lines as well as in the working details specified in the agreements submitted to the Committee.

N. D. L. V. and Affiliated Passenger Agreements.

1. *The N. D. L. V. agreement, or the agreement governing the Nord-Atlantischer Dampfer Linien Verband (North Atlantic Steamship Lines Association).*—This contract was concluded at Hamburg January 19, 1892, and according to its terms, continues from year to year, unless notice to terminate is given. The steamship companies which are parties to this agreement are the Hamburg-American Line, the Holland-American Line, the North German Lloyd, and the Red Star Line. The contents of the leading provisions of this agreement (the Committee has definite knowledge that the agreement was renewed as lately as 1909), may be briefly summarized as follows:

(1) The lines guarantee to each other the percental participation as defined and provided for in articles 3 to 8 of the contract as regards the total number of steerage passengers forwarded by them in the course of the year to and via the United States and Canada, so far as this transportation takes place from a port of the European Continent north of Cadiz (including Cadiz), or from a port of Great Britain and Ireland. Article 3 of the agreement provides that the proportions in which the lines participate in the total transportation of steeragers (subject to alteration, which may be effected in accordance with other sections of the contract) be fixed as follows:

The North German Lloyd, 39.7 per cent.

The Hamburg-American Line, 24.8 per cent.

The Red Star Line, 13.5 per cent.

The Holland-American Line, 8 per cent.

For the British lines, 14 per cent is set apart.

As stated, the foregoing percentages are subject to change, and by resolution in 1909, it should be explained, the westbound portions of the parties were fixed as follows:

The Hamburg-American Line, 31.38 per cent.

The Holland-American Line, 10.61 per cent.

The North German Lloyd, 42.46 per cent.

The Red Star Line, 15.55 per cent.

(2) Each line agrees to arrange its service in such a manner that the number of steeragers actually carried corresponds as nearly as possible with the number allotted to it by the contract. All the lines agree to furnish a statement of steerage and second-cabin passengers carried, three times a month, and also the tonnage engaged and the destination of steamers. The Secretary must then prepare accounts monthly, so as to clearly show at all times the position in which the lines stand to each other with regard to the tonnage employed by them in the course of the year. For every increase of 1,000 tons each line will be allowed a certain number of steeragers, such number to be equal to the number of steeragers resulting for each 1,000 tons of the total tonnage employed in the current year by all the lines. The increase in tonnage is to be counted for 70 per cent, and the decrease in tonnage is also to be counted for 70 per cent, if the tonnage does not decrease more than 10 per cent.

(3) Any line whose steerage passengers in a year exceed in point of number the proportion fixed must pay a compensation price of 60 marks for each passenger carried in excess of the established proportion, this compensation money to be paid to the line or lines which have not reached their participation quota, and in the proportion that each line is short. This provision is the chief deterrent to the lines to exceed their proportion, and the compensation price was fixed at 60 marks. The compensation price may be changed by majority action of the Board of Presidents. Compensation accounts must be rendered each year by the Board of Secretaries, and must be paid by the lines within 14 days.

(4) All lines agree that their vessels in the trade with the United States and Canada shall not call either outward or inward at any home or adjacent port from or to which the vessels of any of the other lines are already sailing. In case any of the British lines run boats with steeragers from a Continental contract port any of the

Continental lines shall have the right to call at any British port for steeragers. Article 31 provides that—

By the words “in the trade” it is understood amongst the Continental lines: Passengers, mail, and freight. As home or adjacent ports appertaining to each line in the sense of the contract are to be considered the following ports:

In the case of the Norddeutscher Lloyd, Bremen and all the ports of the Weser.

In the case of the Hamburg-American Line, Hamburg, Cuxhaven, and all other ports of the entire Elbe, Stettin, and all ports of the Oder, and Havre.

In the case of the Red Star Line, Antwerp, the ports of the Schelde, Flushing and Terneuzen included, and the entire coast of Belgium.

In the case of the Rotterdam Line, the entire coast of Holland, Flushing and Terneuzen included, and Boulogne-sur-Mer.

It is understood that the English Channel ports are open to the Continental lines except for steerage passengers, as defined in the British passenger act.

(5) In case the results of any given line show too large or too small a proportion of business, such line is entitled and in duty bound to adopt measures calculated to bring about a correct adjustment. It must inform the Secretary of the measures proposed, and the Board of Secretaries may direct other more forcible measures, which, however, can only refer to rates and commissions. The lines must then put such measures in force without delay or demur.

(6) No line has the right to alter its steerage and second-cabin rates without previously informing the Secretary. The Board of Secretaries can not compel any line to fix its gross rates for adult steerage passengers at less than 100 marks, unless with the consent of the Board of Presidents. The lines agree to commence with definitely fixed steerage rates, all of which are stipulated in the contract. The lowest cabin rate must be at least 50 per cent higher than its steerage rate and 30 per cent higher than the highest steerage rate of any of the other lines.

2. *Agreement L.*—The lines party to this agreement are the N. D. L. V. Lines, the Compagnie Générale Transatlantique, and the American Line. It covers the “eastbound pool,” embracing:

- (1) All eastbound steerage passengers of the N. D. L. V.
- (2) All eastbound steerage passengers of the Compagnie Générale Transatlantique, who, however, have to be considered in two different groups, i. e. (a) Italian and Oriental passengers, and (b) Continental passengers.
- (3) All Italian and Oriental eastbound steerage passengers forwarded by the American Line.

This contract was entered into for a period of one year beginning January, 1904, and is to continue from year to year. As regards the above-named business, the N. D. L. V. Lines guarantee to each of the other two lines a certain proportion, and a compensation price of a certain sum per passenger must be paid by each to the other in case the designated proportion is exceeded. The parties to the agreement obligate themselves to furnish the Secretary of the N. D. L. V. weekly statistics which will enable him to ascertain the position of the different lines in this eastbound pool. All the parties also agree that any dispute arising out of any alleged breach of the agreement shall be settled by arbitration and the arbitrator of the N. D. L. V. shall act in the case.

3. *Agreement G.*—This agreement, commencing January, 1903, and continuing thereafter from six months to six months, was entered into between the N. D. L. V. Lines, on the one hand, and the Compagnie Générale Transatlantique, on the other. According to its terms, the lines divide amongst themselves their entire third-class passenger traffic from ports between Cronstadt and Bordeaux, both included, to ports in the United States and Canada. The apportionment was arrived at on the basis of the total number of third-class passengers carried by the lines to the United States and Canada during the years 1900 to 1902, inclusive, and the two parties agree to compensate each other (at a certain stipulated sum per excess passenger) in case either should exceed its proportion. To facilitate the drawing up of the contract, the several lines agree to supply the Secretary of the N. D. L. V. with all the data and information necessary. In all the administrative details this agreement is subject to the conditions incorporated in the N. D. L. V. pooling contract already explained.

In addition to many other details, the agreement provides, in article 10, that—

The port of Havre is especially reserved, both for freight and passenger business, by direct line to and from the United States and Canada, to the Transatlantique. All other French Atlantic and Channel ports, with the exception of Cherbourg and Boulogne, will be also reserved to the Transatlantique, but only as far as passenger business by direct line to and from the United States and Canada is concerned.

Article 11 stipulates that—

The Transatlantique binds herself not to call at any port between Cronstadt and French frontier, either for freight or passenger business, except with the previous consent of the N. D. L. V. Lines.

Article 12 provides that—

Passengers from Scandinavia and Finland shall not be considered in any way in this contract, and the Transatlantique shall not engage passengers in these countries.

4. *Agreement J.*—This contract was entered into March 9, 1904, between the lines composing the N. D. L. V. and the Canadian Pacific Railway Co. It was agreed that the Canadian Pacific Railway Co. will not carry passengers of Continental nationality, other than Scandinavian or Finnish, by its own steamers, or by any steamers in which it is interested, sailing from ports in Great Britain and Ireland to ports of Canada or the United States. The Canadian Pacific Co. agrees to furnish, should the Continental lines at any time require it, to the Secretary of the N. D. L. V. every facility for satisfying himself that there has been no violation of the agreement.

5. *Agreement N.*—This contract was entered into between the N. D. L. V. Lines and the Austro-Americana. According to its terms the Austro-Americana is to receive, as its share off Trieste and other Adriatic ports, 4 per cent of the entire steerage passenger business which the lines of the N. D. L. V. carry from North Sea and Channel ports, and which the Austro-Americana carries on its line from Adriatic ports to the United States and Canada, deducting the Italian and Oriental passengers of the Transatlantique. In this total steerage business there are to be included all passengers exceeding 32,500 which the Cunard Line carries via Fiume and Trieste in one year.

Article 15 of the agreement provides that—

The parties agree that the Austro-Americana endeavors to secure its business out of Austria.

Article 17 provides that—

The Austro-Americana pledges itself to establish no freight or passenger service of any kind between Bordeaux or ports north of Bordeaux and North America and Canada, or to have any interest, direct or indirect, in such service. Single sailings for freight only will be allowed provided they do not enter into competition with the N. D. L. V. Lines. The N. D. L. V. Lines declare to have no intention of establishing lines from the Adriatic to North America or Canada. Should the N. D. L. V., on account of an existing or a competition about

to arise, be compelled to establish such a line, then the Austro-Americana shall have the right to consider this agreement of no force as long as such a line is continued.

The 4 per cent allotment to the Austro-Americana was based on 26 sailings per year, and, in case the sailings should number less, the percentage has to be reduced proportionately. In case either party should not reach its share, the other party will pay a compensation price of M 100 per passenger short. Both parties agree, for the purpose of arriving at the monthly accounts, to furnish statistics of the passengers forwarded to the Secretary of the N. D. L. V. at regular intervals. The steerage rate of the Austro-Americana must be the same as the lowest rate charged by the North German Lloyd or the Hamburg-American Lines for their slow steamers, and in case the line can not reach its share it shall reduce its rates. In case disputes arise the same shall be considered by the arbitrator of the N. D. L. V.

The agreement was made for the period of January 1, 1905, to December 21, 1909, and according to its terms is to continue thereafter from year to year.

Passenger Agreements Affecting British and North Continental Ports.

Of the 11 contracts submitted as evidence in the suit of the United States *v.* the Hamburg-American Line et al., three involve the passenger traffic to and from ports of the United Kingdom and North Europe and deal respectively with the steerage, the second class, and first class passenger business. Briefly summarized these three agreements comprise the following:

1. *Agreement AA.*—This agreement was entered into for a term extending from February 5, 1908, to February 28, 1911 (then to continue from year to year unless discontinued) by the Allan Line, the Anchor Line, the Cunard Steamship Co., the Hamburg-American Line, the North German Lloyd, the Holland-American Line, the Red Star Line, the International Mercantile Marine Co.'s Lines (except the Red Star Line), and the Canadian Pacific Railway Co. (Atlantic Steamship Lines). It will be observed that the above list includes all of the N. D. L. V. Lines.

According to the terms of the contract the following is provided:

(1) The companies guarantee to each other certain designated percentage allotments of the total steerage traffic forwarded by the parties from all European ports to and via the United States and Canada and vice versa, in vessels owned, leased, chartered, or controlled by them without regard to the flag. Italian and Oriental passengers, however, forwarded by direct steamers through the Straits of Gibraltar, are excepted. (This class of passenger traffic is governed by other agreements.) The percentage allotment of each line's business is specified both in the westbound and the eastbound traffic as follows:

For the westbound traffic.

Allan Line (United States services) -----	0. 62	Red Star Line-----	9. 71
Cunard Line-----	13. 75	White Star Line-----	8. 60
Hamburg-American-----	19. 61	American Line -----	6. 68
Holland-American -----	6. 63	Dominion Line -----	6. 47
Anchor Line -----	3. 40		<hr/>
North German Lloyd -----	26. 53		100. 00

For the eastbound traffic.

Allan Line (Canadian services, including Portland in winter) -	4. 95	Red Star Line-----	8. 56
Anchor Line -----	3. 93	White Star Line -----	15. 49
Cunard Line (Liverpool services) -----	12. 77	American Line -----	8. 72
Cunard Fiume-Trieste Line ----	2. 35	Southampton -----	6. 74
Hamburg-American -----	12. 35	Liverpool -----	1. 98
Holland-American -----	6. 10	Dominion Line -----	1. 50
North German Lloyd -----	18. 79	Canadian Pacific Ry. Co. (Atlantic Steamship Lines) ----	4. 49
			<hr/>
			100. 00

(2) Lines whose steerage transportation in a year exceeds in point of number the proportions fixed must pay a compensation price of £4 for each passenger carried in excess of the established proportion to the lines which have not reached their participation quota; and such payment is to be made in proportion to the number of steeragers which each line is short. This compensation feature is declared in the agreement to be "one of the main features of the entire contract." Compensation prices can be advanced or lowered only by a majority of the lines, representing at least 75 per cent of the shares fixed in the allotted percentages.

(3) Each line undertakes to arrange its service in such a manner that the number of steeragers which it actually carries corresponds as nearly as possible to the number allotted to it by the contract.

(4) No line has the right to alter its steerage and second-class cabin rates without having previously informed the Secretary of the Conference. Unless there is a second-class rate agreement, the lowest second-class cabin rate of any line westbound must be at least £2, and eastbound at least \$10 higher than the highest normal third-class rates of the respective steamers.

(5) The lines agree to pay certain prescribed commissions to the agents.

(6) All advertising and printed matter sent to the agents must be submitted to the Secretary of the Conference. The conduct of the agents is also carefully regulated.

(7) Compensation accounts are prepared monthly by the Secretary, and final settlement is made at the end of each calendar year on the basis of the compensation account prepared by the Secretary, and objections to the correctness of the accounts form no release from obligations.

(8) Differences arising between the lines are settled by arbitration, and the opinion of the arbitrators has the force of a legal judgment.

(9) The resolutions of the Continental Conference and the North Atlantic Conference in New York are not binding upon the lines if the same are directly opposed to or in contradiction to the provisions of the contract.

(10) The Hamburg-American Line and the North German Lloyd will use their efforts to arrange that the passengers of the non-German lines may pass the Silesian, Saxon, and German frontiers.

(11) Agents of the lines which are parties to the agreement shall not interest themselves in the booking of passengers for new outside competing lines.

(12) For each infraction of the terms of this agreement a penalty of £250 is imposed, and in case of willful infraction £2,500.

2. *Agreement W.*—This agreement was entered into on February 28, 1911 (then to continue from year to year) by the Allan Line, American Line, Anchor Line, Canadian Pacific Railway Co., Compagnie Générale Transatlantique, Cunard Line, Dominion Line, Donaldson Line, Hamburg-American Line, Holland-American Line, North German Lloyd, Red Star Line, and White Star Line for the purpose of regulating the second-class passenger business. The

agreement provides for minimum ocean rates for second-class passengers, both eastbound and westbound. These rates are specified for the various types of steamers of the different lines in two elaborate tables, representing, respectively, the "rates to and from England" and "Continental lines' rates," the rates to and from England varying from £12 in the case of such steamers as the *Lusitania* and *Mauritania* to £8 for the most inferior type of steamer listed. New steamers are to be rated, as they enter the trade, on a similar basis, the rating to be subject to revision by arbitration in case any difference of opinion arises. It should be noted that, unlike the steerage agreements, no pooling arrangement is provided for in this agreement.

Commissions to agents are definitely prescribed, and no refunds or allowances can be made. The fine for any breach of the agreement by any line party thereto shall not be less than £50 nor more than £500 sterling, and in the case of an agent not less than £5 nor more than £100. Disputes are subject to arbitration and the decision of the arbitrator is final. All official communications between the lines must be made through the Secretary of the North Atlantic Passenger Conference or of the N. D. L. V.

3. *Agreement V.*—This agreement was entered into on February 5, 1908, for the period ending February 28, 1911 (then to be continued from year to year), by the Allan Line, American Line, Anchor Line, Atlantic Transport Line, Canadian Pacific Railway Co., Compagnie Générale Transatlantique, Cunard Line, Dominion Line, Hamburg-American Line, Holland-American Line, Leyland Line, North German Lloyd, Red Star Line, and White Star Line. Whereas Agreement W governed the second class passenger business of the above-mentioned lines, this agreement has for its purpose the establishment of minimum ocean rates for the first class passenger business, both eastbound and westbound. The minimum rates, as in the case of the second class passenger agreement, are specified for the various types of steamers (which are enumerated by name) in an elaborate table, and range from £25.10 in the case of the *Lusitania* and *Mauritania* to £12.10 for the most inferior steamers contained in the list. In all other respects the detailed provisions of this contract are similar in nature to those contained in Agreement W.

Mediterranean Passenger Agreements.

1. *Mediterranean Steerage Traffic Agreement of February 8, 1909.*—This agreement was submitted to the Committee by one of the parties thereto, and governs the steerage traffic carried by the lines operating from Italy to the United States and Canada, and vice versa. It was concluded by two groups of lines, viz, group 1, consisting of the Italia, La Veloce, Lloyd Italiano, Lloyd Sabaud, Navigazione Generale Italiana and Sicula Americana, of the one part, and group 2, comprising the Anchor Line, Fabre Line, Hamburg-American Line, North German Lloyd, and the White Star Line, of the other part. In the westbound traffic the contract governs all steerage passengers carried by the above mentioned lines embarking at Mediterranean ports, and other ports called at later, for American and Canadian ports, while in the eastbound traffic the contract relates to all steerage passengers carried by the same lines from the United States and Canada to Mediterranean ports and other ports called at previously. The entire traffic covered by the contract is divided between the two groups of lines on the assumption that each group will have at least 120 departures per year, and that the participation of each group shall be as follows:

Westbound:

Group 1, 49.13 per cent.

Group 2, 50.87 per cent.

Eastbound:

Group 1, 49.485 per cent.

Group 2, 50.515 per cent.

If in the westbound and eastbound traffic either group of lines has less than 120 departures, its percentage allotment of the total traffic is to be reduced proportionately, but no sailings over 120 by either group are to be counted in the division. The term "steerage passengers" is carefully defined, and all passengers forwarded in any intermediate class between steerage and cabin, as well as all cabin passengers westbound not having paid a fare of at least 325 lires, are to be accounted for in the pool. Settlements must be made annually, each year extending from July 1 to June 30 of the next year, and for the westbound and eastbound traffic separately. In case any group should exceed its proportion during any year it must

pay to the group which is short of its proportion a compensation of 110 liras for each excess passenger. The Fabre Line, however, is given the right to carry westbound passengers from Marseilles (either direct or calling at a Spanish port) to the extent of 1 per cent of the total allotment westbound of the Group 2 lines without accounting for them in the pool, any excess over 1 per cent to be pooled. Each group of lines obligates itself to arrange its service, in both the eastbound and westbound traffic, so as to make the number of steeragers carried correspond as nearly as possible to the allotment. Moreover, in case the weekly statistics of traffic, which must be furnished by each line to the Secretary of the Mediterranean Conference, should show that any group has exceeded its proportion, that group is obliged at once to adopt measures which are calculated to bring about a correct adjustment. Each group must advise the Secretary of the corrective measures which it wishes to adopt before putting the same into operation. If these measures prove ineffective in bringing about the desired adjustment, the two groups must meet and decide upon other suitable measures to be adopted.

Steerage fares or commission rates can not be altered by any line without having previously informed the Secretary, who in turn must wire or write at once to the other lines. Commissions to agents are prescribed in the agreement. The prepaid rates in America are to be equivalent to the highest gross cash rate charged by the respective lines in Europe, unless corrective measures must be undertaken to keep within the agreed apportionment of the traffic, and American and Italian money must be reckoned according to a scale prescribed in the contract, which is based on the parity of lit. 5.20=\$1. If, in the case of certain steamers, especially high cash rates are fixed by the Italian Commissioner of Emigration, the lines have the right to quote for the respective steamers a prepaid rate corresponding to the cash rate of other regular steamers, but such rate must not be lower than the highest prepaid rate of the steamers of the other group. Article 15 of the agreement provided that—

All steerage fares are from the Italian port of embarkation to the American port of debarkation, or vice versa. Passengers booked through to or from other places have to pay besides said fare the actual official tariff rate of the respective transportation undertaking by which the transportation takes place, and such fare must always be separately quoted and appear separately on the cash or prepaid ticket, except free transportation may be given between New

York and Philadelphia and between New York and Boston as long as the Italian Government puts this obligation on any line. An exception to this is made in the case of passengers to and from Spain, the Azores, Greece, Africa and Asia, for which special rates shall be fixed from time to time.

By way of explanation, the management of one of the lines, party to the agreement of 1909, has advised the Committee that the agreement was renewed in 1911 with the exclusion, however, of the Fabre Line; this company, although in principle willing to rejoin the contract, not having been satisfied with the participation quota offered to it. It is also explained by the management of this line that—

The object of the agreement, so far as westbound traffic is concerned, was not to regulate rates, which are fixed by the Italian Government, but to do away with the exorbitant commissions which, as a result of unrestrained competition, were then freely paid by all the lines either openly or secretly and which, while artificially stimulating emigration, left the companies practically at a loss. Since the above agreement was started the commissions were kept all around at a reasonable level, but owing to the withdrawal of the Fabre Line and the aggressive attitude of this company, they have again risen of late and in some instances have reached a figure which must be described as decidedly unsound.

2. *Article 31 of the Mediterranean Steerage Traffic Agreement of February 8, 1909*, provides that special contracts shall be made by the two groups of lines constituting the Mediterranean Conference with—

- (a) The American Line and the White Star Line (English Channel services) and with the Compagnie Générale Transatlantique as regards the steerage traffic in Italian and Oriental steerage passengers via Havre and Cherbourg to ports of the United State and Canada, and vice versa.
- (b) The Austro-Americana as regards their steerage traffic between ports of the United States and Canada and Mediterranean ports.
- (c) The Compania Transatlantica Española as regards their steerage traffic from the United States or Canada to Italy, and vice versa.

Each of the groups of lines party to the general Mediterranean Agreement agrees to bear its proportionate share of the payments to be made or received under the contract made with the above-mentioned lines, and it is expressly stipulated in the contract that these lines “with which special agreements exist” are not “looked upon as opposition lines in the spirit of this contract.”

3. "*Special Agreement A*," between all the lines which are parties to the *Mediterranean Steerage Traffic Agreement of February 8, 1909* (designated as party A), on the one part, and the *Compagnie Générale Transatlantique* (designated as party B), the *American Line* and the *White Star Line* (designated as party C), on the other part, and covering the following traffic:

Westbound:

- (a) All steerage passengers carried on steamers belonging to lines parties to this contract and the *Compania Transatlantica Española* embarking in Italian and other ports called at later for ports of North America and Canada, whatever their nationality may be.
- (b) All Italian and Oriental emigrants carried on steamers belonging to lines parties to this contract embarking in Cherbourg and all Italian emigrants embarking at Havre for ports of the United States or Canada.

Eastbound:

- (a) All steerage passengers carried on steamers belonging to lines parties to this contract and on steamers of the *Cunard Line*, the *Austro-Americana*, and the *Compania Transatlantica Española* coming from ports of the United States and Canada and debarking in Italian ports and other ports called at before, whatever their destination may be.
- (b) All Italian and Oriental steerage passengers landing in Cherbourg or Havre carried by steamers belonging to lines parties to this contract.

Of the entire traffic as defined the lines designated under "A" guarantee to the *Compagnie Générale Transatlantique* 10.5 per cent of their Italian business westbound and 10.75 per cent of both their Italian and Oriental business eastbound. A certain proportion of the traffic was allotted to the *American* and *White Star Lines*, but the agreement furnished to the committee did not indicate the percentages. Should the lines mentioned under "B" and "C" fail to attain their guaranteed shares, then, according to the agreement, the lines under "A" are to pay to the line which fails to reach this proportion a compensation price of 75 liras for each passenger short, and vice versa. In all other particulars this contract was to be governed by the stipulations of the principal contract, viz, the *Agreement of February 8, 1909*, and the period during which the two contracts were to run, and the manner of terminating the same, were made to coincide.

4. "*Special Agreement B*" between the lines which are parties to the Agreement of February 8, 1909 (designated as party "A"), and the Cunard (Mediterranean service) and Austro-Americana Lines (designated respectively as parties "B" and "C"), and applying to all steerage passengers leaving from ports of the United States and Canada and landing in Italian ports and ports called at previously, whatever their destination may be. Like Special Agreement "A," this agreement is made to coincide with the principal agreement of February 8, 1909, in date as well as all important details of administration. The lines under "A" guarantee the Cunard Line 4.41 per cent, and the Austro-Americana 2.53 per cent, of the entire traffic. These proportions are fixed on the assumption that the Cunard and Austro-Americana Lines will each have at least 26 sailings annually with steeragers to Italy. Should the sailings of either line be less this percentage allotment will be decreased by one twenty-sixth for each sailing that the line is short. The lines under "A" also agree to pay the Cunard and Austro-Americana Lines a compensation price of 110 liras per passenger in case these lines fail to attain their designated proportion. On the other hand, if these two lines have exceeded their proportion they agree to pay to the lines under "A" the same compensation for each excess passenger.

Summary of Provisions and Practices Relating to Passenger Agreements in General.

In the foregoing abstract little reference is made to the working details whereby the terms of the agreements are administered and enforced. By far most of the sections of the several agreements, some of which are of great length, are devoted to the administrative features. Practically all the agreements are essentially alike (differing occasionally only in the minor details) in such matters as the making of settlements in the pool, the penalties and guaranties imposed, the corrective measures to be adopted by the lines in case they exceed their allotted portions of the traffic, the regulation of the conduct and commissions of agents, the issuance of circulars and publications, the admission and withdrawal of lines, the safeguards against competition, and the government of the conferences. As regards each of these features, the essential practices will be summarized, using the two most important agreements, viz, Agreement

AA (comprising the English and north European services) and the Mediterranean Steerage Agreement of February 8, 1909, as a basis.

Manner of effecting settlements in the pooling arrangements.—To enable the Secretary of the conference to compile the compensation accounts, both agreements provide that the lines must furnish to him every 7th, 15th, 23d, and last day of a month their statistics of the steeragers and second class cabin passengers carried by them during the week ending with these respective dates, at the same time giving the dates of sailing and the destinations of the steamers. This data the Secretary must furnish weekly to the other lines in the agreements. He must also compile and furnish to the interested lines a monthly statement showing the relative position of the lines to each other. These monthly statements must be in the possession of the lines not later than a certain day of each month following the month to which the account applies. A fine is imposed upon any line delaying the delivering of the statistics for more than three days.

The lines which are, according to these provisional accounts, in excess of their share of the total traffic must pay within a fortnight after the receipt of the Secretary's notice the resulting compensation as directed by the Secretary. A final settlement is made at the end of the year on the basis of a compensation account, prepared by the Secretary and covering the whole period. Objections to this final account must be made within four weeks after its issuance, failing which the account will stand. Moreover, objections to the correctness of the accounts form no release from the obligations imposed.

Corrective measures adopted by lines exceeding their percentages.—Under both agreements each line obligates itself to arrange its service in such a manner that the number of steeragers actually carried corresponds, as nearly as possible, with the number allotted by the contract. As a means of deterring the lines from endeavoring to exceed their participation quota, it has been explained that a compensation price must be paid into the pool for each excess passenger carried by any line beyond its stipulated percentage. But if, despite this compensation plan, the statistics furnished by the Secretary of the conference should show that any line has exceeded its proportion, or failed to reach the same, such line is called upon to adopt measures calculated to bring about a correct adjustment; but before putting such measures into operation, the line is bound to

advise the Secretary of the measures proposed to be adopted, so that he may notify the other parties to the contract. The several lines must then await the results of the measures adopted. Should it develop that they do not produce the desired results, the lines may meet in conference and by a majority (in the AA Agreement of 75 per cent) may direct that other and more forcible measures, which, however, can only refer to rates, be put into operation. It is expressly understood that there is no appeal against the decision taken by such a majority of the lines, and that each line is bound to put the measures adopted into force without demur.

It is interesting to note that one of the commentaries in Agreement AA states that all parties were unanimous in the opinion that the adjustment is, whenever practicable, to be effected, not by reducing the rates of one line, but, on the contrary, by raising the rates of one or several of the lines. The organized method by which the lines seek to maintain their respective percentages and avoid the payment of large compensation money is well illustrated as regards the German lines by the explanation furnished to the committee by Mr. Robert P. Skinner, consul general at Hamburg. He writes that—

As far as Germany is concerned, the mechanism of the arrangement whereby all emigrants passing through Germany are directed to Conference Line steamers is as follows: The Prussian Government has established 10 sanitary control stations at various points along the frontier of Russia. It is a requirement of law or regulation, with ample means for making it effective, that every emigrant arriving in Prussia shall first sojourn at one of these stations, where he is routed to the United States and forwarded to the seaboard. The carrying out of the administrative and sanitary sides of this work is intrusted by the Government to the Hamburg-American Line and to the North German Lloyd Line, acting jointly as concessionnaires.

All trans-Atlantic companies desiring to sell tickets to the United States must first procure a Government license, and such traffic as they secure must thereupon be passed through the control stations which the two great German steamship companies manage. The companies belonging to the pool all have such licenses, and in each control station, which is also a ticket office, there is a blackboard showing the cost of tickets on a given date over the different lines. These rates are fixed monthly. Traffic is evenly divided by increasing or decreasing the cost of transportation over a given line. The individual passenger can select his route so long as it is a pool route, but the varying prices are so arranged that each ship in the course of the year obtains its fair share of the business.

Guaranties and penalties adopted for the enforcement of the agreements.—As a guaranty for the faithful performance of the conditions of the contract, each line is obliged to deposit with the Secretary of the conference a guaranty, amounting to 125,000 liras under the Mediterranean Agreement, and £1,000 for each per cent of its participation quota in the case of Agreement AA. The total sum thus deposited “shall be considered the amount of liquidated damages and entirely forfeited” in case any line unduly withdraws from the contract before its expiration, or resorts to any actions which render the continuance of the agreement impossible, such as the refusal to pay compensation money, or to replenish the deposits in due time, or to assist in any way a new opposition line, or to start a new line which will seriously interfere with the trade.

For each contravention or infraction of any stipulation of the agreement penalties are fixed by the arbitrator, ranging from a minimum of 5,000 liras to the full amount on deposit in the case of the Mediterranean Agreement, and from £250 to the full deposit under Agreement AA. If, however, the infraction is made willfully and designedly, especially in case of any intentionally incorrect statements in respect to the statistics of traffic, the penalty imposed under the two agreements is fixed at 50,000 liras and £2,500, respectively. Each line is also responsible for any infraction of the contract on the part of representatives, agents, and employees, and fines are inflicted upon the representatives, agents, and employees guilty of such infractions. All penalties must be paid within a certain number of days following the award, or the deposit will be drawn upon to the amount of the penalty. All penalties are first distributed pro rata among the lines which have claims to compensation, and any remaining surplus is divided among all the lines, excluding the penalized line, in proportion to their participation quota.

Regulations concerning the issuance of circulars and other publications.—The lines obligate themselves to issue no circulars or publications reflecting upon or instituting unfavorable comparisons with any conference lines. They also agree not to support any newspapers which may systematically attack any conference lines. As stated in the agreements, it was decided, “in view of the fact that the stipulations referred to have stood the test of many years’ practical working,” not to alter any of the conditions of the Continental Con-

ference, and that it is agreed that the words "support no newspaper" are more especially understood to mean that no advertisements are to be given to such newspapers. The lines, furthermore, agree that no communications in regard to transactions or resolutions concerning the agreements shall be made to the press or any outside party without special and unanimous consent of all the lines. All lines must also send to the Secretary of the conference a sufficient number of copies of all circulars and other printed matter sent to the agents, so that copies may be promptly forwarded to all the members of the conference.

Regulation of agents.—A considerable portion of each agreement is devoted to the supervision of agents, and a number of the lines have advised the Committee that they regard the control of agency forces a primary object of the contracts. This control is exercised in the following ways:

(1) All the lines obligate themselves to dismiss any agent who, in respect to any other conference line, has disregarded the stipulations of the agreements pertaining to the issuance of injurious circulars and publications. Not only must such agents be dismissed, but all the lines agree to discontinue, directly or indirectly, all business connections with them.

(2) All commissions to agents and general agents are definitely prescribed, both in America and Europe, as regards the different classes of passengers, and all rebating of commissions by agents to passengers, other agents, or other persons is strictly forbidden. Fines are inflicted on agents guilty of violating these commission rules, and in case of repetition agents are disqualified. The correspondence placed in evidence in the suit brought against the Hamburg-American Line et al., clearly shows that the conference lines have had frequent occasion to inflict the above mentioned penalties.

(3) Agents representing the conference lines are forbidden, under penalty of immediate disqualification, to book passengers for any opposition line or in any way to be interested in such line. Various representatives of nonconference lines testified in the Government's suit against the Hamburg-American Line et al. concerning the almost insuperable obstacles confronting them by virtue of this practice. Not only were all the well-established steamship agencies obliged to refuse booking passengers by the few independent lines, but such

nonconference lines also found it extremely difficult to engage independent agents, who knew that their activities would be severely limited if restricted to the booking of passengers on nonconference steamers.

Administration of the contracts, and adjudication of disputes.—The execution and control of all stipulations in the passenger agreements are intrusted to two authorities, viz, the Secretary of the conference and the arbitrator or arbitrators chosen to settle disputes. The Secretary, appointed usually by a majority of three-fourths of the lines, is assigned the following duties: (1) To receive all statistical statements and to examine the accounts, for which purpose he is given access to the passenger offices of the lines and can there examine all books and correspondence as far as is deemed necessary; (2) to communicate these statistics and account to all the lines concerned, and act as mediator in all transactions between the lines, as far as they pertain to matters connected with the contract; (3) to control steorage prices and commissions, and to see that all lines receive regularly and simultaneously all necessary information; (4) to collect the payment of all penalties; (5) to call all conference meetings and to keep the minutes of these meetings; (6) to compute the compensation accounts; and (7) to use every effort to settle amicably all differences between the lines.

Should any disputes arise the agreements provide that no line has the right to summon any other line before the courts. Instead each line has the right to call for an award by the arbitrators appointed for the settlement of disputes. Thus, using the Mediterranean Agreement of 1909 for illustrative purposes, all appeals for an award must be directed to the Secretary, who within three days must communicate the same to all the other parties to the contract. The disputing parties must each name an arbitrator, these arbitrators in turn selecting an umpire from a list of individuals specified in the agreement. It is noteworthy in this connection that the persons named in this contract also appear as arbitrators in many of the agreements governing the lines operating from British and North Continental ports. In case the two arbitrators can not agree upon an umpire the dispute shall be settled by lot; and if it should happen that either of the disputing parties fails to appoint an arbitrator within two weeks after notice has been given, then the arbitrator nominated by the other party has full power to settle the case.

All parties to the dispute have the right to be heard, and the award of the arbitrators must be accompanied by a written argument setting forth the reasons for the decision. In arriving at the verdict the arbitrators are free to determine the method of taking the evidence and of ascertaining the facts, and are not bound to observe the rules governing legal procedure. The award is also declared by the agreements "to take the place of and is equivalent to a legal judgment given by the highest instance of any law court, against which all right of appeal is exhausted, and it is expressly understood that all the parties to this contract relinquish all and every right to employ against the award given any legal means of whatever name or description such legal means may be."

Admission of new lines to the conference and the alteration of existing agreements.—Other lines may be admitted to the conference, and conditions of the existing contract may be altered and new terms and conditions added thereto, only by the unanimous vote of all the lines, unless otherwise provided for in the agreement. All alterations and additions become valid and binding only when all the lines have given their written consent to the same. The withdrawal of any line from the agreement releases the other lines from all obligations, except the payment of compensation accounts incurred up to the date of withdrawal, unless the lines which have not withdrawn agree among themselves to continue the present contract.

Methods of meeting the competition of nonconference lines.—As already explained, any conference line will forfeit its entire deposit if it renders any assistance, directly or indirectly, to a nonconference line, or itself starts a new service which will interfere with the trade covered by the conference. As regards meeting the competition of nonconference lines, however, the agreements are silent, and the matter seems to have been reserved entirely for conference action. Judging from the facts obtained by the Committee, and the evidence presented in the suit against the Hamburg-American Line et al., it appears that in or about the year 1908 (the Committee is not certain of the continuance of this practice at the present time) the conference lines authorized the appointment of a committee—designated as the "small committee"—for the purpose of destroying the competition of nonconference lines by selecting steamers—known as fighting steamers—to sail on the same days and between the same

ports as (and at rates as low as or lower than) the independent steamers.

This committee, it seems, received its instructions from abroad, and would select for competitive purposes a suitable steamer of any of the conference lines whose date of sailing happened to coincide with the date of sailing of the opposition-line steamer, and the regular rates would be reduced to a point sufficiently low to secure the traffic. The evidence in the Government suit shows that such opposition sailings were repeatedly instituted against the Russian Volunteer Fleet and the Uranium Steamship Co. Any surplus of passengers which were booked for the fighting steamer, but which could not be carried by the same, would be transferred to other steamers at the reduced rates. The expenses and loss from the lower rates, resulting to any line whose vessel had been selected, were distributed over the membership of the conference. It was thus a case of all the lines, united in conference, opposing every sailing of a single opposition line. By distributing the loss over the several members of the conference, each constituent line would suffer proportionately much less than the one line which was fighting the entire group, and which would inevitably soon exhaust its resources in the conflict with the combined power of the large lines with their superior speed and better third class accommodations.

Steamship Conferences.

An examination of the accompanying chart shows that the lines connected with the several agreements outlined in the foregoing pages are organized into four conferences, viz, the Continental Conference, the North Atlantic Conference, the American Atlantic Conference, and the Mediterranean Conference. The membership of the Continental Conference is composed, in the main, of the lines which are parties to the N. D. L. V. and affiliated agreements; that of the North Atlantic Conference is comprised principally of the lines engaged in the traffic between American and Canadian ports and the United Kingdom and Scandinavia, i. e., those connected with agreements AA, V, and W; while the membership of the Mediterranean Conference consists of the lines enumerated in the Mediterranean Agreement of 1909 and affiliated contracts.

Prior to 1908 the Continental and North Atlantic Conferences acted separately, and in whichever conference a matter first came up it was

customary for that conference to act on the same and advise the other conference of its decision. At the close of June, 1908, however, these two conferences, having many interests in common, agreed to work jointly in certain matters. Accordingly they resolved that it is "recommended that the Continental and North Atlantic Conferences be continued as separate bodies; but on matters of general interest to both joint meetings shall be held and action taken (with joint proceedings) under the title of the American Atlantic Conference." It also appears that, in the main, the North Atlantic and Continental Conferences, although separate organizations, are practically identical in their purposes and general organization. Other resolutions of these conferences stipulated that separate action may be taken where matters concern a particular conference or trade; and further provision was made to the effect that the Italian business "shall be governed, as heretofore, by the Mediterranean Conference."

The organization of the numerous passenger lines into three distinct conferences should not cause one to lose sight of the fact that these conferences are closely interrelated in many ways. In the first place, a considerable number of the lines belonging to the Continental and North Atlantic Conferences (which we have seen act jointly in many matters) are also members of the Mediterranean Conference. Thus the Hamburg-American, North German Lloyd, and Austro-Americana Lines (which are members of the Continental Conference), and the Anchor, Cunard, White Star, and American Lines (which are members of the North Atlantic Conference) are also parties to the Mediterranean agreements, which are administered by the Mediterranean Conference. Again, all of these conferences are said to have the same general Secretary, viz, Mr. H. Peters, with headquarters at Jena, Germany, who has been aptly designated by Mr. Paul Gottheil as a "universal secretary." Testimony in the suit against the Hamburg-American Line et al. shows that recently, at least, the Mediterranean and North Atlantic Conferences had the same Secretary on the American side, and that all the conferences have their American office in the same room. The three basic agreements governing, respectively, the Mediterranean, North Continental, and British spheres of the passenger traffic also designate the same personnel for purposes of arbitrating disputes. It is also worthy of note that the policy and practices of the several conferences, such as those pertaining to the regulation of agents, the booking of pas-

sengers, the imposition of fines and penalties, the restrictions upon advertising, the relations between the steamship lines and the railroads, the manner of adopting and enforcing resolutions, etc., are substantially the same for all.

Agreements Between American Railroads and North Atlantic Passenger Lines.

It remains to be stated that practically all the established passenger lines operating to and from Europe have entered into agreements or understandings with a number of the important railroad passenger associations of this country, whereby the steamship lines agree to turn over their steerage traffic to the railroads composing these associations, the railroads in turn paying the steamship lines a so-called "commercial allowance" (a commission) on the rail rate from the port of arrival to the point of destination. Mr. Lawson Sandford, former American Secretary of the steamship conferences, testified in the suit against the Hamburg-American Line et al., that while to his knowledge no written agreement existed between the steamship lines and the Central Passenger and Trunk Line Associations, the railroads composing the same have for many years voluntarily paid a commission (stated by Mr. C. C. McCain, Chairman of the Trunk Line Association, to be 10 per cent of the fare in the case of the eight trunk lines, no commission being paid when the inland fare is less than \$2.50) to the steamship lines on the business delivered to the rail lines.

As regards the Western Passenger Association (comprising some 30 western railroads), a written agreement between it and the conference steamship lines, which became effective December 1, 1897, was submitted in evidence in the Government's suit against the Hamburg-American Line et al. Briefly summarized, the memorandum of this agreement, embodying all amendments up to and including January 26, 1905, contains the following important provisions:

(1) The steamship lines, as party of the first part, and the railroads, as party of the second part, will respectively determine by unanimous vote what other steamship lines and railroads shall become parties to the agreement.

(2) The steamship lines obligate themselves to control and deliver to the representative of the joint routing committee of the railroads all westbound steerage passengers landed at ports of the United

States, at the through fares as applied to westbound trans-Atlantic immigrant traffic. In turn, the railroads agree to control such traffic "to the extent, if necessary, of withdrawing the agency of the party of the first part (the steamship lines) in all classes of business from booking agents or others who may divert, or attempt to divert, the business from the channels provided for herein." Both parties also obligate themselves not to permit the conversion of steerage passengers to first or second class for the purpose of removing the business from the control of this agreement.

(3) The railroads agree to pay to the steamship lines a commission of 10 per cent, with a maximum limit of \$4, on the maximum through immigrant rate from New York to destination. It is expressly agreed by the railroads that they will not pay any commission allowance to any trans-Atlantic lines which are not parties to this agreement. The steamship lines, in turn, agree not to accept any commission on the business covered by the contract from any party other than the railroads which are parties to this agreement and that they will undertake to make effective a schedule of commissions to booking agents which shall be uniform through all Atlantic and Gulf ports.

(4) With certain specified exceptions the steamship lines will undertake to book through to final destination all immigrant steerage passengers carried on their steamers.

(5) Joint conferences may be called by the representative of either party to deal with alleged violation of or threatened interference with this agreement. Both parties also agree not to enter into any arrangements with any other parties which shall adversely affect the interests of either party in any matter referred to in this agreement.

To ascertain the economic utility of the aforementioned agreements between steamship lines and railroads, a brief description of how the steerage traffic is handled is essential. Mr. C. C. McCain's testimony in the Government's suit against the Hamburg-American Line et al. explains the *modus operandi* as regards the trunk-line territory. Briefly abstracted, his testimony shows that the immigrant purchases transportation from a point in Europe to an interior point in the United States beyond trunk-line territory and produces at the railroad station at Ellis Island an order for the rail transportation. This order is drawn on the Ellis Island agency of the steamship line and is presented to the railroad's joint ticket office at Ellis Island.

After having passed the examination at the island the immigrants come into the custody of the railroads, and their agent and his representatives arrange for their routing, both passengers and baggage being transferred by the joint agency to the respective roads. In this respect all westbound traffic is apportioned on the basis of an equal division between the eight trunk lines which are members of the joint agency at the island. Few immigrants have any discretion in the route over which they travel, Mr. McCain estimating that probably not more than 1 per cent of the immigrants whose tickets are presented at the Ellis Island agency have any idea or interest as to what route they want to take. In other words, only a negligible number make their wishes known as to the route, but if they have a preference that selection is observed.

The steamship lines leave to the railroads the entire say as to what roads shall participate in the arrangement; and, according to Mr. McCain, it is a part of the understanding with the various passenger associations that the routing of the westbound immigrant traffic shall be controlled by the routing committee of these associations. The steamship companies also have nothing to do with the apportionment of the traffic, this being attended to by a joint agency of the railroads. Accounts of the movements of the passengers are kept, and the joint agency receives instructions as to the routing, and on the basis of these instructions makes the allotments. All the passengers of one ship, if convenient, might be transferred to one road. In other words, the division between the lines can not be followed invariably, nor does it happen that every road always receives its equal share. As a matter of fact, however, the division is practically even. The roads attempt to equalize the traffic as much as possible, and the deficits prevailing at a given time are made good in future routings.

The trunk lines also have, according to Mr. McCain, a clearing house for the settlement of commercial differences and another department through which the accounts, as between the steamship lines and the railroads, are handled. This department collects from the steamship companies the moneys which they have collected for inland railroad fares, and turns the same over to the railroads. It also collects from the railroads on their respective tickets the amount of the commissions due the steamship companies as per the agreement and transfers that amount over to them.

Many advantages are claimed for the agreements and practices as just outlined. The joint handling and clearing of the business is regarded as both economical and convenient. If each immigrant were consulted as to his preference of routes, Ellis Island would be congested for hours each day, without any compensating advantages whatsoever resulting. In fact, it is argued that the entire system has been discussed with the Interstate Commerce Commission and that its advantages have been acknowledged by that Commission. Before the inauguration of the joint control of the steerage traffic at Ellis Island the immigrant was largely at the mercy of many individuals at New York, especially boarding-house runners. The present system of organized control, on the contrary, effectively protects the immigrant and his baggage while being transferred from steamship to railroad, and in no way causes hardship or injury. It has eliminated the abuses which prevailed under the former system of demoralizing competition and has placed a traffic of huge proportions on a high and orderly basis.

In justification of the commissions paid by the railroads to the steamship lines, the railroads claim that they look to the water lines to assume the risk of the agents paying the fares and that the commercial allowance is in a sense a method of compensating the steamship lines for assuming this financial responsibility. It also appears that the steamship companies could send a large portion of the immigrant traffic by way of Canada, where the railroads pay commissions to the water lines on all classes of trans-Atlantic passenger traffic. For this reason, as well as for the agency service rendered, American railroads argue that they are justified in paying commissions to the steamship companies. On the other hand, criticism has been directed against the discriminatory features of some of these agreements, as exemplified by the contract between the conference lines and the Western Passenger Association. Special reference is made to the section which stipulates that the commercial allowance shall be paid exclusively to the contracting steamship lines and be withheld from all competitors. This provision is regarded as a means of unfair competition, in so far that the contracting lines are able to receive certain sums, which they have made the railroads agree not to pay to independent lines.

CHAPTER II.

FREIGHT AGREEMENTS IN THE AMERICAN-EUROPEAN TRADE.

General Nature of Freight Agreements.

The combined passenger and cargo type of steamers, used by most of the lines operating between North Atlantic American ports and Europe, represents by far the highest development of the steamship business. Owing to the dominant importance of the passenger movement, and the requirements of this traffic, the lines must necessarily supply vessels of the highest class, and sailings with the greatest regularity. Furthermore, the large number of vessels with great tonnage capacity necessary to cope with the requirements of the extensive passenger traffic has resulted in an available cargo space at the leading ports out of all proportion to the freight offered. There is always excess cargo space in the westbound voyage from Europe, and in the eastbound traffic also except during periods when the movement of bulk freight is exceptionally large. Rates on bulk freight have therefore naturally tended to be low, as long as the law of supply and demand was allowed to operate freely.

This great supply of tonnage by combination steamers has also rendered the North Atlantic traffic much less attractive to tramp vessels than most other trades, except at ports where the regular lines fail for some reason to supply the tonnage demanded by shippers. Mr. W. G. Sickel testified (vol. 1, p. 560) that "combination steamers can be operated for freight more economically and cheaply than a freight ship. That is, we can afford to carry the freight on a combination steamer cheaper than we can on a freight steamer, and an ordinary freight steamer can not compete with us in the North Atlantic section of the United States." It would seem to follow from this that the control of the passenger traffic by certain lines between certain ports, as explained in the previous chapter of this report, would in itself give those lines a decided advantage in

the freight traffic over outside lines which are purely freight carriers, or which are successfully opposed by the conference lines in their effort to obtain a share of the passenger business. Several witnesses before the Committee (vol. 2, p. 1294) also lamented the fact that in the grain export business, owing to the failure of the regular lines to supply the necessary tonnage at a port like Baltimore, they were placed at a disadvantage in being obliged to charter tramps, suffering in consequence not only a loss in profits but all the inconvenience of irregularity in service.

The foregoing considerations have an important bearing upon the nature of the freight agreements found in the North Atlantic trade. In the first place, the necessary existence of high-class vessels and regular sailings for the accommodation of the passenger business has rendered deferred rebates less necessary in the North Atlantic traffic than in probably any other trade. In fact, only one instance of deferred rebates has been disclosed in this trade, viz., in connection with the Mediterranean Westbound Freight Agreement. Furthermore, the disproportion of freight to the amount of space available, the comparative lack of attractiveness of the trade to tramp vessels, and the value of the cargo to passenger vessels as dead weight make the imposition of a deferred rebate tie upon shippers unnecessary, if not absolutely impracticable.

Necessity of frequent and regular sailings in connection with the passenger trade has also made it impossible to limit sailings to meet the actual needs of the freight market. Instead, the pooling agreements, which refer to the matter at all, were entered into on the basis that each line or group of lines should make at least a specified number of trips, and that failure on the part of any line to do so would reduce that line's participation in the pool. In these respects the North Atlantic steamship freight agreements differ essentially from those governing the new and undeveloped long-distance trades, where no one owner could serve the market with sufficiently frequent sailings of a satisfactory character, and where the different lines (1) rotate the sailings of their vessels and agree on sailing dates and ports of discharge, or (2) find it desirable, where the return cargoes are insufficient to fill the ships, or where the companies must protect themselves against the inroads of tramps or competing lines, to assure themselves of a continuous patronage, which alone can finan-

cially make possible the operation of a regular service, by the imposition of a deferred rebate tie upon their patrons.

On the other hand, the great shortage of cargo as compared with the available tonnage, and the resulting tendency toward low rates under conditions of open competition, have caused the regular North Atlantic lines to conclude a large number of freight agreements. In the westbound traffic these agreements extend to every section of Europe, and either have for their purpose the fixing of rates or the apportionment of the territory between the lines. "These agreements," as explained by the New York Committee of steamship line representatives, "are the result of years of fighting and have become absolutely necessary. The trade is insufficient to furnish the steamers engaged in the various services with full cargoes. The struggle for such cargoes as were available had reduced the rates to such an abnormally low level that they had ceased to be of any value or attraction. The very high terminal charges on this side, varying for pier rent from \$50,000 to \$125,000 per annum for each line, the exacting demands made by the consignees who leave their goods on the wharf, using it as a warehouse, and the large claims which had to be paid annually, absorbed all the profit which might otherwise have been made. The trade was finally rescued from utter demoralization by the agreements mentioned, and we do not see how the trade could be conducted otherwise" (vol. 1, p. 1358). The westbound agreements referred to are either:

- (1) Minimum rate arrangements, as exemplified by the English agreements; the minimum rates, however, always being the actual rates because the vessels never secure full cargoes; or

- (2) Fixed rate agreements, as illustrated by the Baltic and some of the Mediterranean agreements; or

- (3) Pooling agreements, apportioning the traffic according to designated percentages, as the N. D. L. V. Westbound Freight Agreement, the Baltic Pool Agreement, and the Mediterranean Freight Agreement of December 15, 1911; or

- (4) Agreements reserving certain North Continental European ports exclusively to certain lines which are parties to the contracts.

With reference to the eastbound business, agreements among the lines exist to a more limited extent. Here the shipments consist

largely of the products of the soil which must be shipped at rates which will enable American shippers to compete with the same products from other countries. As stated by the New York Committee (vol. 1, p. 1358), "The ports of discharge are only the gateways through which the traffic moves; all the different groups of ports are more or less in competition with each other, and the forwarding cost, either by rail or by water, to the ultimate destination determines the freight rate which each port can secure." In view also of the value of cargo to large passenger vessels for ballasting purposes, freight is often desired at any cost, illustrations having been furnished to the Committee where grain was actually purchased by the lines. Briefly classified, steamship agreements in the eastbound trade may be grouped under the following:

(1) Minimum rate agreements, as in the case of the English and Mediterranean lines. Usually the minimum rates are also the actual rates charged. These agreements, however, do not pertain in the case of the English lines to grain and other bulky freight, but apply only to manufactured articles and light freight of all kinds. For the reasons mentioned above the lines are free to accept bulk freight at any rate found necessary, except that in the case of grain, as will be explained later, no line can accept more than a limited amount at rates below a prescribed minimum.

(2) A pooling agreement, in connection with the Baltic trade, which apportions the exports of bulk freight among the several lines.

(3) Agreements reserving certain North Continental European ports exclusively to certain lines as regards the traffic to and from all North Atlantic American ports. In connection with these agreements, it is asserted that there is no understanding between the North Atlantic lines that the rates, for example, from New York to Bremen and from New York to Hamburg (these ports being reserved to the North German Lloyd and Hamburg-American Lines, respectively, as regards sailings from all American ports north of Savannah) shall bear any particular relation to each other. (Testimony of W. G. Sickel, vol. 1, p. 563.) In a measure European ports reserved to certain lines are the gateways to noncompetitive territory, and to that extent

the line controlling any port stands in a favorable position. But as Mr. Sickel testified, the rates of the several lines from American ports to these ports are not always the same. For example, the ports of Hamburg and Bremen, he asserted, are in competition as regards a considerable portion of the trade, because they are mere gateways to the interior, and a lowering of the rate by the North German Lloyd via Bremen will have a depressing effect upon the rate to the same destination via Hamburg.

Relations between Lines Operating from South Atlantic Ports.

All the foregoing remarks pertain only to the traffic to and from the North Atlantic ports of the United States. In the trade from South Atlantic and Gulf ports, it appears that the important regular lines must meet the competition of a large number of steamers which in most instances are chartered and operated by loading brokers under a line name. This competition in the South Atlantic trade is due largely to the fact that the regular lines operate strictly freight steamers from those ports, thus losing the advantages associated with the combined type of freight and passenger steamers operated from the Northern ports (vol. 1, p. 549).

With few exceptions, judging from the answers which many of the companies have sent in reply to the Committee's Schedule of Inquiries, the lines from South Atlantic ports have apparently not entered into definite rate understandings with their competitors. As regards the leading ports, however, the important lines are friendly to each other and charge uniform rates. Thus with reference to the port of Galveston, Mr. H. H. Haines, Traffic Manager of the Galveston Commercial Association, testified to the following effect:

There are about 60 lines of steamers operating from Galveston to European ports, embracing practically all European countries. . . . The principal lines, and the lines we look upon as being the influential lines out of Galveston, are the Harrison, Leyland, and Elder Dempster Lines, which operate to Liverpool. Of course, in the trans-Atlantic tonnage Liverpool is the pulse of that market. Your rate from any port to Liverpool feels more keenly the law of supply and demand than does any other marine route. . . . The Harrison, Elder Dempster, and Leyland Lines are operating in absolute harmony. Whenever you find what the rate is via one line you may bank upon it that is the rate via the other.

I can not say of my own knowledge that the lines meet in conference, but I should have a very poor opinion of my intelligence if I thought they did

not. . . . There is no open rate on cotton; that rate varies, but it always varies via the different lines at the same moment. The only difference in the cotton rate is when a vessel has some room left and, wanting to sail at once, goes in the open market and offers a cent or two off for what they call "distress room" in order to get the cotton that day. If you wanted to book your cotton for any given period subsequently to that date, you would pay the fixed price, the standard rate, via all the lines. . . . The situation in Galveston is a little different in one respect from perhaps any other port. We have several firms of independent steamship agents there who charter what are called tramp steamers, orphans in the marine business, and they load their steamers for their own account during the busy season in Galveston for ports abroad. They are able to get considerable business for that sort of trade, as much as 200,000 bales to the agency perhaps, and that at times has its effect upon the rate situation out of Galveston, but it is never very extensive—a cent or two per hundred pounds perhaps. But the old standard basis of rates is fixed by the old established, strong lines, and a man who has a tramp steamer always realizes that he can go into the market and, by quoting a cent or two under the regular lines, get his share of the business. He does not get much; the bulk of the business goes via the standard lines.

The foreign trade rates from Galveston, as also from New Orleans, are absolutely the same. The rate from Galveston to Liverpool is, as a rule, used as the basis of rates to the other European ports. Trans-Atlantic transportation by water is the only transportation I know of that is at all affected by the law of supply and demand. Three years ago we were shipping cotton from Galveston to Genoa, Italy, for 18 cents per 100 pounds. That was because there was not enough traffic in the world for the ships of the world. Cotton at the same period went to Liverpool for about 22 cents. This year cotton from Galveston to Liverpool brought as high as 70 cents, but now it is a world-wide condition that brought that about. (Vol. 2, pp. 1117-1119.)

Mr. Franklin also testified (vol. 1, p. 598) that there are friendly interests running out of both New Orleans and Galveston, viz., the Leyland and Harrison lines from New Orleans; and the same lines, together with the Gulf Transport Line, from Galveston. These lines are working together closely and have an understanding whereby they keep each other posted whenever any rates are changed. No rate fixing agreement, according to this testimony, exists between these companies and the other leading lines operating from the ports, although "they may exchange views, and if one decided to break they may as a matter of courtesy advise the other. . . . As a matter of final result the lines have practically the same rates; but as a matter of competition the rates are frequently changed by one without notifying the other. But that does not last long. We will know

in a few minutes if the rates have been changed. . . . It is not a question of getting together; it is simply a question of putting your rates parallel to their rates—you are forced together. The competition in all the southern ports is a matter of tramp steamers for the reason that the cotton trade moves in large bulk at certain seasons of the year, and moves in full cargoes. . . . And it is a season's business. It is a business that the tramp steamer can very well engage in to much better advantage than he can engage in any general cargo business where you have to have regularity of service."

Classification of Freight Agreements and Conferences.

Most of the trans-Atlantic lines, operating regularly between Europe and North Atlantic American ports, either ignored or declined to answer the Committee's inquiries relative to the existence of agreements or understandings to which they might be parties. From the answers received, however, when viewed in the light of all the information collected during the Committee's investigation, it is clear that practically all the well-known lines connecting North Atlantic American ports with those of the United Kingdom, North Europe and the Mediterranean are parties to numerous freight agreements covering, in one way or another, nearly every sphere of the American-European trade. Considered in their entirety, these agreements reveal a situation in the freight carrying trade easily comparable, from the standpoint of the comprehensiveness of the agreements, with that presented in the North Atlantic passenger traffic. In fact, the attached chart shows that over 40 regular trans-Atlantic lines are parties in their respective trades to at least 20 agreements involving the freight traffic, and that the important lines are members of at least four main freight conferences.

The four conferences referred to are the Trans-Atlantic Freight Conference, the American Atlantic Conference, the Atlantic Conference, and the Mediterranean Conference. Judging from the reports of the lines which are members thereof, the membership of these conferences is the following:

(1) The Trans-Atlantic Freight Conference is composed of the English lines, and pertains to the eastbound traffic. Apparently the conference is divided into sections, such as the Liverpool, London, Glasgow and Manchester Conferences. The

Donaldson Line, for example, reported that it is a member of this conference "so far as the same is connected with traffic to Glasgow," whereas the Johnston Line declared that it is a member "so far as the same is connected with traffic to Liverpool." Both lines named Mr. S. E. Morse, of 17 State Street, New York, as Secretary of the conference.

(2) The American Atlantic Conference has the Continental lines as members. The Holland-American Line (a member) reported that "this conference consists of the Continental lines between the United States and the Continent of Europe," and the Secretary is Mr. S. E. Morse, of 17 State Street, New York.

(3) The Atlantic Conference, according to the reports of the Anchor and Holland-American Lines (both members) "is made up of the British as well as Continental Lines." The Holland-American Line's report explains that this conference is also a passenger conference, and that it has the same Secretary as the N. D. L. V., viz., Dr. H. Peters of Jena, Germany.

(4) The membership of the Mediterranean Conference consists of the lines enumerated in the Mediterranean Freight Agreement of December 15, 1911, and probably other lines engaged in the American-Mediterranean trade. As reported by the Anchor Line, Mr. S. E. Morse is the acting Secretary of this conference in New York. On the European side, Dr. H. Peters, already named as Secretary of the Atlantic and N. D. L. V. Conferences, is also General Secretary of this conference.

A comprehensive understanding of the numerous agreements existing for the regulation of the North Atlantic freight traffic can be best obtained by considering the same in groups. This method has the advantage of showing that the several groups of lines, each serving a certain sphere of Europe, are governed by agreements for the fixing of rates or the division of territory to such an extent that practically the entire traffic is being conducted by nearly all the regular lines in their respective spheres in the spirit of harmonious cooperation. A fourfold classification of the agreements indicated on the attached chart logically suggests itself, viz., (1) The minimum rate agreements in the trade to and from the United Kingdom; (2) the agreements governing the trade between German, Dutch, Belgian and French ports and the United States; (3) the Baltic

MEDITERRANEAN STEERAGE TRAFFIC AGREEMENT
Feb. 8, 1909.
The provisions of this contract are administered by the MEDITERRANEAN CONFERENCE.
Renewed in 1911, by all the lines except the Fabre line.

SPECIAL AGREEMENT A
Italian and Oriental Steerage to N. Amer. and Canada.
Dec. 12, 1908.

SPECIAL AGREEMENT B. U.S. and Canada to Italy. Oct. 1, 1908

AGREEMENT W.
Second class traffic
Feb. 5, 1908.
Renewed Feb. 28, 1911.

AMERICAN ATLANTIC CONFERENCE
Nov. 9, 1909. (Continental and North Atlantic Conferences, in matters of general interest, hold joint meetings and take joint action, under title of "American Atlantic Conference.")

CONTINENTAL CONFERENCE

NORTH ATLANTIC CONFERENCE
April 23, 1896.

Group 2.

Group 1.

Group 2.

- DONALDSON LINE
- ALLAN LINE
- ANCHOR LINE
- CANADIAN PACIFIC RY. (Atlantic S.S. Lines)
- ITALIA
- "LA VELOCE"
- LLOYD ITALIANO
- LLOYD SABAUDO
- NAVIGAZIONE GENERALE ITALIANA
- SICULA AMERICANA
- COMPAGNIE GENERALE TRANSATLANTIQUE
- FABRE LINE
- HAMBURG AMERICAN LINE
- NORTH GERMAN LLOYD
- HOLLAND AMERICAN LINE (Nederlandsch Amerikansche Stoomvaart Maatschappij)
- RED STAR LINE
- INTERNATIONAL NAVIGATION CO.
- WHITE STAR LINE
- AMERICAN LINE
- DOMINION LINE
- ATLANTIC TRANSPORT LINE
- LEYLAND LINE
- CUNARD STEAMSHIP CO.
- SLOMAN & CO. (affiliated with Hamburg-American Line)
- AUSTRO-AMERICANA (Vereinigte Oesterreichische Schifffahrt-actien-Gesellschaft)
- RUSSIAN AMERICAN LINE
- HANSA LINE
- SCANDINAVIA-AMERICAN
- COMPANIA TRANSATLANTICA ESPANOLA
- "ADRIA" (Royal Hungarian Sea Navigation Company)
- CANADIAN NORTHERN STEAMSHIPS, LTD. "Royal Line"

PASSENGER AGREEMENTS
in the
NORTH ATLANTIC TRADE. RR

AGREEMENT AA.
Steerage Contract.
Feb. 5, 1908.

AGREEMENT J.
Immigrant Traffic.
March 9, 1904.

AGREEMENT G.
Third Class Traffic
(Jan., 1903)

NORD-ADLANTISCHER DAMPFER LINIEN VERBAND
(N. D. L. V.)
Steerage Pool
Jan. 19, 1892.

AGREEMENT I.
Steerage
Jan. 1, 1904.

AGREEMENT N.
Trieste and Adriatic Steerage
Nov. 14, 1904.

AGREEMENT V.
First Class Business
Feb. 5, 1908.

AGREEMENT O.

agreements, and (4) the Mediterranean agreements. These groups of agreements will now be considered in the order suggested.

Minimum Rate Agreements in the Trade To and From the United Kingdom.

The replies filed by the Anchor, Donaldson, Johnston, Furness, Manchester and International Mercantile Marine Lines, in answer to the Committee's Schedule of Inquiries, show that all the regular lines between Canada and North Atlantic ports of the United States and the four leading ports of the United Kingdom, namely, Liverpool, London, Glasgow and Manchester, are parties to minimum rate understandings, both westbound and eastbound, which are entered into from time to time according to freight market conditions. The minor ports of the United Kingdom, it appears, are in nearly every instance served by only one line, and in nearly all cases this line is a party to the Liverpool, London, Glasgow or Manchester rate agreements.

Minimum Eastbound Rate Agreements.—Eastbound traffic from Canada and northern ports of the United States, judging from the reports furnished by the six above mentioned lines, is governed by four conferences, designated respectively as the Liverpool, London, Glasgow and Manchester Conferences. All of these conferences, according to the filed reports, have the same Secretary on the American side, namely, Mr. Sidney E. Morse. The representatives of the lines, operating to each of these main ports, meet in conference at 17 State Street, New York City, to discuss their rates; and file and notify each other of their minimum rates upon a large selected list of articles. Minutes of these meetings are kept and a sample copy of the last "Compilation of minimum rate notices and statements" for each of the four conferences (all dated September 18, 1912) was furnished to the Committee by the aforementioned lines. The fol-

lowing is a list of the 20 lines, together with their several services, which were represented in these compilations:—

MINIMUM EASTBOUND RATE AGREEMENTS BETWEEN LINES OPERATING FROM AMERICA TO BRITISH PORTS.

Names of conferences.	Names of lines.	Services.
LONDON CONFERENCE:	Furness Line:	
		St. John to London.
		Halifax to London.
	Philadelphia Transatlantic Line:	
		Philadelphia to London.
	Atlantic Transport Line:	
		New York to London.
		Philadelphia to London.
		Baltimore to London.
	Leyland Line:	
		Boston to London.
	Wilson & Furness-Leyland Line:	
		Boston to London.
	Thompson Line:	
		Portland to London.
		Montreal to London.
	Allan Line:	
		Montreal to London.
	Canadian Pacific Railway Co.:	
		Montreal to London.
		St. John to London.
		Halifax to London.
	Chesapeake & Ohio Steamship Co.:	
		Newport News to London.
		Norfolk to London.
	Cunard Line:	
		Montreal to London.
		Portland to London.

Names of conferences.	Names of lines.	Services.
LIVERPOOL CONFERENCE:	Allan Line:	Montreal to Liverpool. St. John to Liverpool. Halifax to Liverpool.
	American Line:	Philadelphia to Liverpool
	Canadian Pacific Railway Co.:	Montreal to Liverpool. St. John to Liverpool. Halifax to Liverpool.
	Chesapeake & Ohio Steamship Co.:	Newport News to Liverpool. Norfolk to Liverpool.
	Cunard Line:	New York to Liverpool. Boston to Liverpool.
	Furness Line:	St. John to Liverpool. Halifax to Liverpool.
	Johnston Line:	Baltimore to Liverpool.
	Leyland Line:	Boston to Liverpool.
	Warren Line:	Boston to Liverpool.
	White Star Line:	New York to Liverpool. Boston to Liverpool.
	White Star-Dominion Line:	Portland to Liverpool. Montreal to Liverpool.
GLASGOW CONFERENCE:	Allan Line:	Montreal to Glasgow. Portland to Glasgow. Boston to Glasgow. Philadelphia to Glasgow.
	Anchor Line:	New York to Glasgow.
	Donaldson Line:	Montreal to Glasgow. St. John to Glasgow. Newport News to Glasgow. Norfolk to Glasgow.

Names of conferences.	Names of lines.	Services.
MANCHESTER CONFERENCE:	Manchester Liners:	Boston to Manchester.
		Philadelphia to Manchester.
	Lamport & Holt Line:	
		New York to Manchester.

Each of the four "compilations" gives the minimum class rates (for 12 classes), and also itemizes the commodity rates for a very large number of articles, indicating all changes in the minimum rate notices as compared with the last compilation. The rates thus filed are only subject to change after an agreed period of notice, varying from 30 to 60 days. In other words, the lines have agreed that they will not take freight below the minimum rates; but these rates are subject to change, and any line can serve notice that at the end of 30 or 60 days it will change its rates. No penalties are imposed for an infraction of the agreement, but it is distinctly understood that the agreement prohibits any line from assuming the right to change any of its minimum rates until after the 30 or 60 days have expired. When asked if the minimum rates thus agreed upon are not the only rates in use, Mr. P. A. S. Franklin, representing the International Mercantile Marine Co., admitted that this was the case, "except on certain occasions when the rates advance very rapidly and we go higher than the minimum rates." (Vol. 1, p. 609.) He further testified that during 1912 the average empty space of the Atlantic Transport Line's vessels in the eastbound voyage was about one-fourth of the capacity, and in 1905 as high as one-half, and that when the lines have empty space the minimum rates are the rates actually charged.

This minimum rate agreement, however, does not cover the heavy bulk traffic consisting of grain, flour, oil cake, cotton, and similar commodities (comprising, according to Mr. Franklin's estimate, from one-third to two-thirds of the total traffic, depending generally upon the volume of the grain movement), but is confined to the high-priced freight, on which the shippers as well as the ship lines are anxious to have fixed rates equally applicable to all. No agreement exists regarding grain except that the lines agree that they will not take more than 12 loads of grain at a rate less than 3 cents per bushel, i. e., they can make any rate they desire but must not exceed 12 loads on one ship, or 96,000 bushels in the case of wheat, 102,000 bushels of

corn, and 120,000 bushels in the case of barley. It should also be added that, as regards one very important commodity in our export trade, the managing head of one of the companies reported confidentially to the committee that the several lines trading to English ports have entered into a pooling arrangement.

Minimum Westbound Rate Agreements.—In the westbound traffic, the lines operating from London, Liverpool, Glasgow and Manchester to Canada and North Atlantic ports of the United States, are again organized into four conferences, a separate conference pertaining to each of these respective ports. Representatives of the lines meet in these conferences for the fixing of minimum rates and the discussion of bills of lading and all other matters of mutual interest. Owing to the fact that the vessels are never full on the westbound voyage (the empty space of the Atlantic Transport Line having averaged during 1912, 8,900 tons as compared to a capacity of 14,000 tons), the minimum rates established in these conferences are always the rates actually charged (vol. 1, p. 578).

The Committee has been unable to determine the relations existing between the several groups of lines comprising the westbound conferences. Mr. Franklin testified (vol. 1, p. 579) that there is no direct connection, for example, between the London and Liverpool Conferences and that the groups of lines are not working together, although (1) some of the companies are represented in both conferences, and (2) the ownership of some of the apparently independent lines in the two conferences is the same. That certain arrangements, however, exist between the several groups of lines seems to be indicated by the report made to the Committee by the Anchor Line, a member of the Glasgow Conference, to the effect that "the line has an understanding as to minimum rates of freight on certain merchandise westbound with the lines from Liverpool, Hull and London."

Agreements Governing the Trade Between German, Dutch, Belgian and French Ports and the United States.

Westbound agreements:

(1) When testifying before the Committee, Mr. P. A. S. Franklin submitted in evidence (vol. 1, p. 592) a copy of the N. D. L. V. Westbound Freight Agreement, entered into on March 10, 1894, by the Hamburg-American, North German Lloyd, Holland-American and Red Star Lines. This agreement comprises the total freight

traffic of the four lines from ports of the North German seacoast, Holland, and Belgium to ports of the United States. It had for its purpose the "bringing about of a mutual understanding regarding freight rates to be maintained on a corresponding basis and to preserve to each separate company its share of the total income from the freight traffic." The total freight receipts were originally allotted to the companies in the following proportions: The Hamburg-American Line, 37.75 per cent; the North German Lloyd, 23.75 per cent; the Holland-American Line, 18 per cent; and the Red Star Line, 20.50 per cent. These percentages were made up from the statements of freight receipts of the several lines during the years 1891-93, subject to future revision by the secretaries of the companies.

The companies agreed not to accept heavy goods at less than certain prescribed rates, but each line is permitted on each sailing of a steamer to accept heavy freight, not exceeding a total of 300 tons, at less than the minimum rate, but must account for the same at the actual freight rate received for that quantity. Meetings, it is provided, should be held every four weeks by the representatives of the freight departments of the combined lines for the purpose of agreeing on the freight rates to be maintained and for the exchange of opinions regarding the status of the business and measures to be taken to meet competition.

Especially interesting is Section 5 of the agreement which stipulates that "the fixing of *freight rates* even when such go below the fixed minimum freight rates, can be done, viz., for all ports by majority vote and for single ports by consent of all the lines. Furthermore, the cancellation of *freight rates* can take place by majority vote." Monthly number of sailings had, the quantity of goods forwarded, and the freight rates received must be furnished by the lines to the secretary of the conference, who on the basis of the data furnished must compile the settlement account and transmit the same to the interested lines. For purposes of control, the secretary is empowered to inspect the manifests and books of the companies insofar as may be necessary. Should it be found from the monthly statement that the freight receipts of any line fall short of, or exceed, the allotted percentages, the conference must seek to bring about an equalization through the regulation of rates, unless it appears probable that such an equalization will occur in the course of the year with-

out any special measures. Equalization payments are made every six months, and each line is free to reduce its sailings up to 15 per cent without reducing its allotted percentage of the total freight receipts.

Mr. Franklin's testimony (vol. 1, p. 594) is to the effect that this agreement is operated entirely from the European side, and it was his belief that the agreement is still in force. He testified that, although the agreement was entered into as far back as 1894, "it is the basis of what they are doing now, i. e., it is the basis of the West-bound Continental Agreement." This view, it seems, is confirmed by the sworn report of the Managers of the Holland American Line to the Committee to the effect that "for westbound carryings only, there is an agreement among some of the Continental lines, which has been in existence for many years."

(2) In the section dealing with North Atlantic passenger agreements reference was made to the freight traffic agreements contained in articles 31 and 32 of the N. D. L. V. Passenger Agreement; in article 10 of Agreement G, entered into between the N. D. L. V. and the Compagnie Générale Transatlantique; and in articles 15 and 17 of Agreement N, concluded between the N. D. L. V. and the Austro-Americana. The N. D. L. V. Passenger Agreement stipulates that vessels *in the trade* with the United States shall not call *either outward or inward* at any *home or adjacent port* from or to which the vessels of any of the four lines are already sailing. The words "*in the trade*" are declared to comprise freight as well as passengers, and the words "*home or adjacent ports*" are defined for each line as comprising the following ports:

In the case of the North German Lloyd, Bremen and all the ports of the Weser.

In the case of the Hamburg-American Line, Hamburg, Cuxhaven, and all other ports of the entire Elbe, Stettin, and all ports of the Oder and Havre.

In the case of the Red Star Line, Antwerp, the ports of the Schelde, Flushing and Terneuzen included, and the entire coast of Belgium.

In the case of the Holland-American Line, the entire coast of Holland, Flushing and Terneuzen included, and Boulogne-sur-Mer.

Article 10 of Agreement G reserves the port of Havre to the Compagnie Générale Transatlantique "both for freight and passenger business by direct line to and from the United States," the French line in turn binding itself "not to call at any port between Cronstadt and the French frontier, either for freight or passenger business, except

with the consent of the N. D. L. V." Again, according to article 15 of Agreement N, the Austro-Americana agreed not to establish any freight or passenger service between Bordeaux, or ports north of Bordeaux, and North America and Canada, or to have any direct or indirect interest in such service. The N. D. L. V. on the other hand declared that they had no intention of establishing lines from the Adriatic to North America or Canada, and that in case they found it necessary to establish such a line, owing to existing or contemplated competition, the Austro-Americana was entitled to consider the agreement ended.

(3) At the ports of Antwerp and Rotterdam where the Red Star and Holland-American lines have regular line competitors, arrangements have been entered into which in a measure at least regulate this competition. Thus from Antwerp the only two important steamship lines operating to the United States are the Red Star Line with services to New York, Boston, Philadelphia and Baltimore, and the Leyland Line to New Orleans, both being subsidiaries of the International Mercantile Marine Co. Minor outside lines from this port, viz., the Phoenix Line to New York and the Castle Line to Galveston, are only able to operate their services, according to the report of Mr. Henry W. Diederich, Consul General at the port, by reason of having made agreements with the International Mercantile Marine Co. (vol. 3, p. 32). The Phoenix Line is reported to enjoy by special agreement (Mr. Franklin admitted the existence of an agreement, vol. 1, p. 604) a differential freight rate of 10 per cent under the rates of the Red Star Line. The latter line, it is explained, operates a weekly service with 9 days for the voyage as against the Phoenix Line's fortnightly service with 14 days for the trip. Its faster and more frequent service enables the Red Star Line to offer a decided advantage to shippers of perishable or valuable freight. It is agreed between the International Mercantile Marine Co. and the Phoenix Line that the former will not molest the latter on condition that it will carry no passengers and will yield to the Red Star Line the transportation of all freight which should be carried by its faster and more regular steamers (vol. 3, p. 33). As Mr. Diederich advises the Committee:

I am informed by ship agents here that all such secondary lines were glad to accept these terms, for the reason that if open competition were to be

resumed, as in the days prior to the formation of the International Mercantile Marine, it would be impossible for the smaller lines to exist at all on the North Atlantic. This is further explained by the fact that the days when westbound shipments of window glass, steel, iron, and cement were so abundant that frequently there was not sufficient tonnage to carry them from this port have passed forever, because this class of merchandise is no longer exported to the United States in important quantities. On the other hand, eastbound shipments from the United States are considered so unsatisfactory and fluctuating that they render the risk of a trans-Atlantic transport company too great a one for secondary lines to take. In other words, from my interviews with the ship agents here I find that they are only too glad to be able to work with the International Mercantile Marine, which, though exercising in a sense a great monopoly, assists in keeping them alive. They admit, however, that the International Mercantile Marine do make it a point to crush any independent Atlantic service that will not enter into agreement with them.

The regular steamship lines engaged in the carrying trade between Rotterdam and the United States are the Holland-American Line, the Uranium Steamship Co., and the Russian East Asiatic Steamship Co. Answers of both lines to the Committee's Schedule of Inquiries, as well as testimony before the Committee, show that the Uranium Steamship Co. (with a service of three vessels, of 11,366 aggregate net tonnage, from New York to Rotterdam returning via Halifax) has not entered into any agreement or understanding whatsoever with the Holland-American Line. Open competition exists between the lines. As Mr. Gottheil testified (vol. 1, p. 344), the Uranium Line can not obtain the rates charged by the Holland-American Line, because of the latter's vastly superior service as regards the quality of the vessels and their much greater speed and regularity.

On the other hand, the Russian East Asiatic Line's steamers only call irregularly at Rotterdam on their way from America to Russian ports. To avoid rate cutting a traffic arrangement was concluded between this line and the Holland-American Line (vol 1, p. 346). The understanding contemplates that the Russian East Asiatic Steamship Co. intends to run to Russian ports only (vol. 3, p. 91); but occasionally, when cargo is lacking, this line is obliged to call elsewhere, and has selected Rotterdam as the port. Rather than have a competitive war with the established service of the Holland-American Line, the Russian East Asiatic Co. agreed to maintain the rates of the Holland-American Line whenever it finds it necessary to call for freight at the port of Rotterdam.

(4) A minimum rate agreement from the channel ports also seems to exist, according to the testimony of Mr. P. A. S. Franklin (vol. 1, p. 594), between the United Kingdom lines and certain Continental lines. While Mr. Franklin could not name the lines which are parties to this agreement, the Committee received an illuminating communication from the Wine and Spirit Traders' Society of the United States, inclosing a circular to shippers signed by the American Line, Cunard Line, Red Star Line, Atlantic Transport Line, Holland-American Line, Compagnie Générale Transatlantique, and White Star Line (vol. 2, p. 1377).

This communication, signed by the largest importers of wines and spirits, asks relief from the excessive freight rates charged by the carriers. A schedule of the ocean rates of the different lines from various European ports was furnished, with a view to illustrating the great and general increase in freight rates since 1910, the advance in some instances exceeding 100 per cent. The communication further alleges that: "there is little or no competition among the ocean carriers. In some cases there is only one line from an important port. In other cases the two or more lines from a port charge precisely the same rate. In other cases, when it is practical to make shipments from more than one port, the rate by the lines from the two or more available ports are the same. When freight rates are advanced the advance is made by the different lines simultaneously." (vol. 2, p. 1377.) The circular to shippers, already referred to, is regarded by the signers of the communication as conclusive proof of a rate combination between the lines, and simply notifies the shippers that: "We (i. e. the undersigned lines) have the honor to inform you that, in view of the steady rise in coal, of the increase in salaries, the continued increase of expenses of all kinds which the Maritime Industry has to contend with, as much in foreign ports as in France, our owners find themselves in the imperative necessity of increasing, from the 1st of January, 1913, the rates of freight now in force from the ports of Europe to New York."

Eastbound Agreements.—Unlike the practice prevailing among the English lines operating to the ports of the United Kingdom, it appears that the Continental lines have not entered into any conference arrangements for the establishment of minimum rates in the eastbound traffic. Such, at least, was the information furnished

by witnesses to the Committee, and by the Holland-American Line in its answers to the Committee's Schedule of Inquiries. This line, a party to the N. D. L. V. Westbound Freight Agreement, explains that "there is an agreement among the Continental lines for westbound carryings only. As regards freight traffic from the United States, there is no agreement whatever. Rates are established in the open market, either per shipment or by contract for longer periods."

Mr. Paul Gottheil testified (vol. 1, p. 353) that the North Continental lines have probably not entered into conferences, as regards the eastbound traffic, because each of the leading ports in Germany, Holland, Belgium and France is practically in the hands of one company. Reference has already been made to the manner in which the ports of these countries have been allotted to the lines which are parties to the N. D. L. V. and affiliated agreements. Mention should also be made of the facts: (1) that the International Mercantile Marine Co. owns the Red Star Line operating to and from Antwerp, and also 25 per cent of the Holland-American Line operating to and from Rotterdam, and that, while no arrangement exists between the two companies with reference to sailings to these two ports, there is an understanding that each of the lines will operate from only one of these ports on the westward voyage (vol. 1, p. 602); and (2) that there is an agreement between the Hamburg-American Line and the North German Lloyd whereby these lines reserve to each other, respectively, the ports of Hamburg and Bremen as regards sailings from all American ports north of Savannah (vol. 1, pp. 560-61 and 562-63). This reservation of the North Continental ports to the several companies means in its practical effect, as admitted by Mr. Gottheil, that there is no serious contention between the lines. The allotment of the ports is ascribed to the natural "evolution of years of fighting, until, through a survival of the fittest, certain lines have remained in the trade. But in the sporadic trade to the outlying little places one line might go without consulting the other" (vol. 1, p. 354).

Baltic Freight Agreements.

Various witnesses before the Committee frankly acknowledged the existence of the so-called "Baltic Pool." According to the memorandum furnished to the Committee by the representatives of the steamship companies involved, it appears that the four lines engaged

in the trade between the North Atlantic ports of the United States and the Baltic, viz., the Hamburg-American Line, the North German Lloyd, the Wilson Line, and the United Steamship Co. (the latter company owning the Scandinavian-American Line plying between Boston, New York, Philadelphia, Baltimore and Newport News and Copenhagen, Christiania and Gothenburg), are now parties to pooling agreements covering both the eastbound and westbound trade. The memorandum of the eastbound agreement, as furnished to the Committee, consists of various rules and resolutions agreed to at various meetings of the lines during the years 1905-1912. Briefly summarized these rules and resolutions provide for the following:

(1) The formation of two separate pools, one pertaining to flour, and the other to 18 leading commodities coming under the head of "Provisions." For each of these two pools relative basis rates are established for the ports of Montreal, Boston, New York, Philadelphia, Baltimore, Newport News and Norfolk, subject to such changes as the adjustment of tonnage may from time to time make necessary. As regards each pool, the four lines submitted their carryings for three years, and in accordance with this data the percentage allotment to each line was agreed upon. The results of each pool are divided in accordance with the agreed percentages, and an adjustment is effected every six months during the currency of the agreement, which is to continue from year to year, and the line or lines shown to be overcarried must pay in cash to those shortcarried any difference then shown. It is also agreed that all lines accept the pooled articles only on through bills of lading, and that where optional bills of lading are issued to the discharging port of the Atlantic steamer, with privilege to be forwarded to a Baltic port, such shipments are to be included in the pool, provided the privilege is made use of.

If the agreement operates unfairly or disadvantageously upon any service, it is arranged that a readjustment shall be promptly effected between the owners of the lines, so as to make the disposition of the business fair and equitable. Disputes are referred to the decision of two arbitrators representing the respective interests to the dispute, who in turn are empowered to appoint an umpire, and the decision of the arbitrators and umpire is final and binding upon all the parties. It also appears that much of the freight carried must be transshipped from the terminal ports of these lines to the final port

of destination on the Baltic, and sections 7 and 13 provide a schedule of arbitraries (which must be adopted by all the lines concerned and which must include all transshipment expenses) from the port of transshipment to final destination.

(2) The establishment of a pool between the aforementioned four lines as regards shipments of certain articles classed as "agriculturals" from Boston, New York, Philadelphia, Baltimore, and Newport News to Russian and German ports on the Baltic, as well as to ports of Denmark, Norway, and Sweden. Shipments, as in the other pools, are divided among the lines on the basis of agreed percentages, and all arbitraries are again definitely established. The other arrangements governing this pool are similar in character to those explained under the first section of this description. It is provided, however, that American agents be instructed to see that articles coming under this pool be shipped by the lines which can earn the largest net sea freights by arranging not only their engagements but, when possible, through exchange of cargo, the lines honoring each other's through bills of lading.

(3) The formation of another pool by the aforementioned four lines as regards the shipment of 18 other articles of export, comprising feed stuffs, heavy grain products and oil cakes, from and to the same ports enumerated under the second section of this description. In the main the detailed arrangements governing this pool are similar in character to those adopted for the regulation of the other pools.

The several pools just described run for different periods of time, and the lines agree to forward their manifests and statements of freight to the acting Secretary (it was agreed that for the first three months of the pool the North German Lloyd's Secretary was to act as adjuster, the other lines to follow in turn according to an agreed order) by the end of every month for the preceding month. All transactions with reference to the pool are kept on the European side; but, on the American side, it is asserted, the lines do not meet in regular conference. Instead, as the representative of one of the lines testified: "The representatives meet every day on the Exchange. They are all more or less good friends, and they come together perhaps in one of the offices or the other, but not on definitely fixed dates. We discuss rates when we think it necessary." (Vol. 1, p. 343.)

Mr. Paul Gottheil, representing the Scandinavian-American Line, testified (vol. 1, p. 343) that there exists in the westbound business of the Baltic lines a pooling agreement similar in character to that adopted in the eastbound traffic, and that all the lines seek to charge the same rates in both directions, except where the lines can not maintain their allotted percentages. Should any line fall short of its percentage, it is expected that it will pursue a policy of forcing the flow of traffic similar to that adopted in connection with the steerage pooling agreements, i. e., lower its rates, or have the other lines raise their rates, until the full percentage is secured.

Complaints filed with the Committee tend to show that the aforementioned pooling agreements have been instrumental in greatly increasing the rates on various American exports, especially flour, which item was made the basis of one of the pools. Prior to the agreement between the lines, the rates on flour to Christiania and Baltic ports were approximately on a level with those to Rotterdam, Antwerp and Hull. If the Hamburg-American Line at that time wished to compete with the Scandinavian-American Line running directly from New York to Christiania and Copenhagen, it was obliged to take flour at the same rate as the direct Scandinavian line and pay the local freight from Hamburg to Christiania/Copenhagen out of its own ocean freight. With the formation of the Baltic Pool, however, the rates to Christiania and Copenhagen, it is charged, were advanced even in excess of the full ocean rate from New York to Hamburg plus the local rate from Hamburg to Christiania/Copenhagen, with the result that American flour exports to Scandinavian and Baltic ports have been practically eliminated. The excessiveness of American export rates to Baltic ports, as compared with the rates to Continental and English ports, it is argued, are well illustrated by the following rates quoted by "The Northwestern Miller" on March 5, 1913:

New York to Christiania.....	31 cents 100 pounds.
New York to Copenhagen.....	31 cents 100 pounds.
New York to Gothenburg.....	33 cents 100 pounds.
New York to Helsingfors.....	36 cents 100 pounds.
New York to Wiborg and Abo.....	36 cents 100 pounds.
New York to Bjorneborg.....	38 cents 100 pounds.
New York to Wasa.....	38 cents 100 pounds.

At the same time the freights to Continental and English ports were:

New York to Rotterdam.....	20 cents 100 pounds.
New York to Amsterdam.....	23 cents 100 pounds.
New York to Bremen.....	20 cents 100 pounds.
New York to Hull.....	22. 5 cents 100 pounds.
New York to Liverpool.....	16. 88 cents 100 pounds.
New York to Leith.....	22 cents 100 pounds.

As compared with the rates from New York, it should be noted that section 4 of the flour pooling agreement provides that: "It is agreed that the basis of flour rates is to be as follows: Baltimore, Newport News, Norfolk and Montreal, 2 cents per 100 pounds, and Philadelphia, 1 cent per 100 pounds, above New York and Boston, subject to such changes as the adjustment of tonnage may from time to time make necessary." Such rates are considered prohibitive and so far above the world's general freight market as to totally stop, for months at a time, the sale of one of America's largest export articles to the markets of Scandinavia and Finland. "During former years, previous to the formation of the Baltic Pool," as one prominent flour dealer writes to the Committee, "American mills did a regular business with sales almost every day all the year round to these markets. After the Baltic Pool was formed it has happened that sales can only be made occasionally, when America has had a record crop, or can offer flour at exceptionally low prices. The consequence is that German and English mills have now secured the regular business which American mills formerly had to Scandinavia and Finland. In plain words, the Baltic Pool lines, through charging exorbitant and prohibitive rates, are stopping the regular trade of American mills to these markets."

Agreements between lines operating to Scandinavian and Russian Baltic ports.—As already explained, the four lines belonging to the Baltic Pool have adopted a schedule of arbitraries in the American eastbound trade for all transshipments from the port of arrival to the final port of destination. A large number of local lines serve the numerous Baltic ports, and the information furnished to the Committee tends to show that these lines have entered into agreements with each other. Thus, Mr. Norval Richardson, American Consular representative at Copenhagen, reports that the Scandinavian-American

Line is the only steamship company maintaining a direct route between Danish and American ports, and that "the different steamship lines devoted to carrying on trade only between Danish and Scandinavian ports have agreements and arrangements among themselves for the purpose of allotting to each its sphere of activity, and for maintaining fixed freight rates." (Vol. 3, p. 35.)

Similarly Mr. William F. Doty, American Consul at Riga, Russia, reports that the steamship companies regularly engaged in the trade to and from Russian Baltic ports, have formed a combination known as the "Northern International Transoceanic Traffic Association" to regulate ocean traffic from northern Russia to northern Europe and trans-Atlantic ports. This combine comprises at least 21 lines (all enumerated on pp. 99-100 of vol. 3) operating to St. Petersburg, Reval, Riga, Libau, and Windau. This list includes the Hamburg-American Line, the United Steamship Company, and the Wilson Line, which are parties to the Baltic pool agreements already discussed. It is also noteworthy that this combination includes the Russian East Asiatic Steamship Company, the lines having passed a resolution at their twenty-third conference, on November 5, 1912, to the effect that:

The steamship line from Libau to New York of the Russian Asiatic Steamship Co. is permitted to trade between New York and Libau, Riga, and Windau, on the following conditions: The company will be required within four weeks to notify the managing director of the Northern International Transoceanic Traffic Association of its rates of freight, who will thereupon communicate them to the other interested steamship companies. If no protests are raised by these companies within eight weeks after receipt of the communication the admission of the Russian East Asiatic Co. to the trade will be considered as approved.

While a copy of the agreement between the lines can not be obtained by the Committee, Mr. Doty describes the nature of the combine at length in his report of February 11, 1913, (vol. 3, pp. 96-100). According to his statement, the lines meet in conference (the next conference to be held at Hamburg in September or October of this year) for the purpose of fixing the rates and otherwise regulating the policy of the combination. The wide scope of the conference is well illustrated by one of the resolutions passed on October 5, 1912, to the effect that:

Relative to a new line to be established by the United Steamship Co. of Copenhagen, from Spanish, Portuguese, Italian, and French ports to St. Peters-

burg, the conference assents to an agreement being entered into with the above-mentioned steamship company, subject to a statement of the ports of call, the number of sailings, and the rates of freight.

It also appears that at stated intervals the steamship lines' representatives meet the delegates of the Russian State railroads, with which the combine has agreements relative to tariffs, and that these State railroads not merely officially recognize the combine, but favor the lines composing the same at the expense of independent companies. These favors take two forms, namely, (1) the railroads allow merchandise to remain in the cars from 14 to 30 days, depending on the ports to which the freight is to be transported, in case the goods are to be shipped by a vessel belonging to the combine, whereas shippers by independent vessels must remove the freight immediately upon arrival, or pay heavy demurrage charges; and (2) there is in force a special railroad tariff in favor of certain classes of exports via Baltic ports, if shipped by vessels of the combine or by those flying the Russian flag.

Owing to the combination of steamship lines and the relations between these lines and the Russian railroads, ocean rates from northern Russian ports have remained remarkably steady for a number of years. Since 1912, however, there has been a considerable rise, the increase from Riga to the United States on flax and hemp, moist hides, dry hides, and rubber waste, being respectively, 13.1 per cent, 26.1 per cent, 54.2 per cent, and 63.6 per cent. In summarizing the effects of the agreement Mr. Doty states:

It may be confidently asserted that the policy hitherto pursued by the association does not coincide with the interests of American importers, who are in the large majority of cases also owners of the merchandise shipped from the Russian seaports to the United States. There is a disinclination on the part of the lines forming the combine to lay on additional steamers at the ports of transshipment—London, Hamburg, Copenhagen, Hull—when trade is brisk and exports are heavy, with the consequence that goods remain for a considerable length of time on the docks, exposed to all the inclemency of the weather. The loss to the importer through such delay must be quite heavy, and could well be avoided were these competing lines, or the shipping lines of the combine more attentive to the interests of the trade community. Quite recently goods shipped thither in transit to Boston lay for fully six weeks before being forwarded to their final destination. The agent of one of the leading members of the combine has stated to this consulate that he would prefer to see the association dissolve rather than that the agreement be continued in its present form, but that the lines interested are averse to a change.

Lines operating between the United States and Norway.—Besides the Scandinavian-American Line, belonging to the Baltic Pool, only one other regular line engages directly in the carrying trade between the United States and Norway, viz., the Norway-Mexico Gulf Line with a westbound service from Christiania and Gothenberg via Newport News and Mexico to New Orleans and Galveston and a return service from Galveston via New Orleans to Christiania and Gothenberg. In the eastbound traffic this line is in no sense a competitor of the Scandinavian-American Line, but both lines operate to Newport News on the westbound voyage. Westbound, therefore, the two lines are competitors as far as Newport News is concerned and the greatest possible lack of understanding is said to exist between the two lines, the Norway-Mexico Gulf Line having steadily refused to join either the North Atlantic or the Baltic Pools. Although the American representatives of the Norway-Mexico Gulf Line advised the Committee under date of October 11, 1912, that the line is not a party to any agreement or understanding with any other steamship line as regards either the freight or passenger business, Mr. L. S. Swenson, American Minister to Norway, reports that the line will enter into a traffic and sailing agreement with the recently organized Swedish-American Mexico Line, whose vessels will touch Norwegian ports. This last line, it is stated in the report “will be a member of only such pools and combinations as the Norway-Mexico Gulf Line has joined; the two being banded together for mutual profit and protection.” (Vol. 3, p. 93.) Mr. Swenson further reports that another new line—the Norwegian American Line—expects to begin sailings between Christiania and Bergen and New York; and that “the management has declared that it will not join the North Atlantic or Baltic Pools, but an effort is being made to effect an agreement with the Norway-Mexico Gulf Line and the Swedish-American Mexico Line.”

Mediterranean Freight Agreements.

Mediterranean Freight Traffic Agreement of December 15, 1911, covering westbound traffic.—With the exception of the Fabre Line all the regular steamship lines engaged in the carrying trade between Italy and the United States are parties to agreements covering both the westbound and eastbound traffic. The westbound traffic is governed by the agreement of December 15, 1911, a copy of which was

furnished to the Committee by one of the interested lines. This agreement, (concluded for the period from January 1, 1912, to December 31, 1916, and to continue thereafter from year to year unless notice of discontinuance is given by any line), was entered into by two groups of lines, viz.: Group 1, consisting of the six Italian lines on the one part—the Navigazione Generale Italiana, Italia, Veloce, Lloyd Italiano, Lloyd Sabauda, and Sicula Americana—and, on the other part by Group 2, comprising the Anchor, Hamburg-American, North German Lloyd and White Star Lines. It is the purpose of the agreement to assure to each group of lines 50 per cent of the freight cargo loaded at all ports of Italy and Sicily to all ports in the United States and Canada. After deducting the amount of carrying freight and special rebates, as may be agreed upon by the lines, all net freight is to be divided on the basis of 50 per cent for each group.

Rates of freight are definitely prescribed in the agreement for weight and measurement tonnage, and all rates are subject to the commissions granted by the lines to their agents, these commissions being prescribed in the agreement. A tariff of rates, to go into operation on January 1, 1912, is agreed upon, and special rates may be arranged among the lines for transshipment cargo. The agreement also specifies that the minimum number of sailings of each group of lines shall be 120. In case either group of lines should fall short of the minimum number of sailings prescribed, the percentage freight allotment of such group shall be reduced proportionately. The remaining provisions of this comprehensive agreement may be briefly summarized as follows:

(1) Deferred rebates, not exceeding 10 per cent of the freight, are granted to shippers who agree to support only the lines which are parties to the contract. This rebate is payable by the Secretary of the Mediterranean Conference for a period of six months, and it is expressly provided that no rebates will be due to shippers for at least six months, and that the same shall be sacrificed by any shipper who shall have supported a competing steamer. The rebate payments are made only upon a written declaration from shippers, which shall declare that during the period no shipments in which they are directly or indirectly interested have been made by any competitive line. At each port the lines obligate themselves to prepare a statement, taken from shippers, as to the amounts due to each

separately for each steamer, which statement must be sent to the secretary of the conference, the same being accompanied by a check for the total amount of the rebates due. On receipt of this statement and check the assistant secretary shall remit the amount of rebate to the respective shippers.

(2) With certain exceptions, expressly enumerated in the agreement, no freight contracts shall be entered into, at any of the ports, for shipments of goods to New York or other ports in the United States or Canada, excepting Boston. For Boston the contracts may be entered into only for a period of a year and at not less than the tariff rates agreed upon. Copies of all freight contracts, entered into prior to the making of this agreement, must be furnished to the secretary of the conference, and all cargo carried under such contracts must be pooled at the fixed tariff of rates established by the agreement.

(3) Each line must forward to the secretary of the conference, within 20 days after the sailing of each steamer, a manifest showing the number and description of the packages and other freight, the weight in tons and measurement, the rate of freight, gross freight, deductions on account of rebates or special commissions, and the resulting total in freight. All such manifests must be checked by the secretary of the conference with the tariff of rates agreed upon with a view to seeing that proper returns have been made. Copies of such manifests must also be exchanged among agents of the lines at each port, or may be deposited within 10 days after the sailing of the steamer with some party nominated by the agents, and remain there for inspection by the other lines or their agents. Manifests, however, need not include the names of shippers.

Each month the secretary of the conference must furnish a statement to each line, showing the sailings of all the lines during the previous month, the amount pooled, and the position of each line or group in comparison with its allotted share. In case a line has overcarried its proportion, it must "regulate its carrying as near as possible to its share, so that the amount to be paid to, or to be received from, the pool shall be as small as possible."

(4) New lines may be admitted to the pool by unanimous consent only, and upon admission of a new line the percentage

allotted shall be contributed pro rata by all the other lines or groups. Similarly, as regards the contract, alterations and new conditions can only be effected by the unanimous vote of all the lines.

(5) For the faithful performance of the conditions of the contract each line must deposit with the secretary of the conference a bank guaranty amounting to 50,000 lires. The bank guaranty of the separate lines answers for the whole group to which the lines belong so far as compensation payments are concerned. Provision is also made that the total sum deposited by a line shall be considered the amount of liquidated damages and entirely forfeited if the line unduly withdraws from the present contract before its expiration, or resorts to any actions which make the continuance of the contract impossible, such as refusing to pay compensation money, or assisting directly or indirectly an existing or a new opposition line. A penalty of at least 5,000 lires is imposed for each infraction of any stipulation of the contract, the penalty in any case, however, not to exceed the total amount deposited by the line at fault. Where, however, the infraction is willful and designed, especially in relation to the furnishing of traffic statements, the penalty is increased to at least 25,000 lires. Unless the penalty is paid within eight days after the rendering of an award, the deposit will be drawn upon to the amount of the penalty. The deposit, following the payment of a penalty, must be fully replenished within 14 days.

(6) The government adopted for the execution and control of the fulfillment of the conditions of the contract is intrusted to (1) the general secretary and assistant secretary, (2) the delegates of the lines, and (3) the arbitrators. Mr. H. Peters, who is also the secretary of the various passenger conferences, is appointed the general secretary. His duties are similar to those described in the passenger agreements. Meetings of the lines are to be held, if possible, at least once each six months, and the delegates of the lines to the conference must have full power to make binding arrangements on behalf of their companies and to sign for the same. Decisions, unless otherwise provided for, must be taken by a majority of four-fifths of the lines, and each line has a vote only on questions connected with the agreement to which it is a party. No line has the right to summon any other line before the law courts, but all differences which can not be amicably settled must be referred to arbitrators.

Each line chooses an arbitrator and the two arbitrators thus chosen must select an umpire from a list of three individuals specified in the contract. All the details of arriving at the award are similar to those prescribed in the Mediterranean Passenger Agreement. It is also expressly stipulated that the award of the arbitrators is equivalent to a legal judgment against which all right of appeal is exhausted and which all the parties to the contract agree to accept without resorting to any other legal means.

(7) No communications relative to transactions or resolutions governing the contract can be made to the press or any outside party without the unanimous consent of all the lines.

(8) Article 25 of the Agreement stipulates that special contracts shall be made with the Austro-Americana, the Cunard Line, and if possible, Messrs. Peirce and Vapuccio and Becker, each of the two groups of lines to the contract to bear its percental share of the payments to be made or received in the contract. Article 27 provides that the Austro-Americana and Cunard Line become parties to this agreement in its terms and conditions for their western Italian and Sicilian trade; and that the percentages allotted are 12 per cent to the Austro-Americana, and 7 per cent to the Cunard Line, based upon the traffic of all the parties to the agreement. To obtain these percentages the Austro-Americana must effect a minimum of 40 sailings and the Cunard Line 26 sailings. In the event, however, that either line should be short of the agreed minimum, these percentages are to be reduced proportionately.

Mediterranean Eastbound Freight Agreement.—In its reply to the Committee's Schedule of Inquiries, the Anchor Line states that: "The trans-Atlantic Lines have an understanding as to minimum rates of freight eastbound to the Mediterranean." This understanding, according to Mr. W. G. Sickel, is not in writing, but the agents of the lines meet at irregular intervals to discuss eastbound rates. These rates, Mr. Sickel testified, "are made in New York at the judgment of the representatives of the lines without any dictation from abroad as to what the rates shall be" (vol. 1, p. 557). While there is no legal obligation on the part of any of the agents to respect the gentlemen's agreement between the lines, Mr. Sickel testified that the rates are changed only by common consent and that there "might be something of a moral obligation" to observe the established rates (vol. 1, p. 555). He also expressed his belief that the

Eastbound Agreement comprises all the lines running regularly to the Mediterranean.

Effect of Mediterranean Agreements upon Freight Rates.—A number of complaints were filed with the Committee, protesting against what are called unreasonable advances in rates which have been made since January 1, 1912, when the present Westbound Mediterranean Freight Agreement went into effect. Two important increases in rates have occurred, namely, those of January 1 and November 1, 1912. Thus, an examination of the rates, before and after the increase of January 1, 1912, on 24 leading articles exported from Naples to the United States, shows that the increase varies from a minimum of 5 per cent to a maximum of 84 per cent, the increase for all the articles averaging nearly 30 per cent (vol. 3, pp. 78 and 79). Another communication from Florence, Italy, asserts that exporters to the United States are suffering from an increase in rates varying from 50 per cent to 400 per cent of those in force prior to 1912, and that in addition to the increase in rates a 10 per cent *cappa* was imposed.

A special Committee on Ocean Freight Rates, appointed by the Board of Directors of the Italian Chamber of Commerce in New York, reported that, although a substantial increase had already taken place on January 1, 1912, over the rates in force the previous year, "all freight rates to and from the United States have been uniformly raised (since November 1, 1912) by all steamship lines to an extent ranging from 20 to 40 per cent over the rates which went into effect on January 1, 1912" (vol. 2, p. 1176). This Committee further reported that the steamship companies arbitrarily increased their rates of freight "without giving due notice to the trade, thus causing enormous losses to importers on contracts for future deliveries that were based upon the rates of freight in force at the time of making such contracts previous to the said increase." It is also charged by this Committee that the lines cause discrimination between shippers by the granting of special commissions and rebates, and that, despite the large increase in freight rates, the service given by the lines continues unsatisfactory as regards the regularity and number of sailings, the care exercised in the handling of the goods, and the settlement of just claims with shippers (vol. 2, p. 1177).

Other Mediterranean Freight Agreements.—In addition to the foregoing agreements relating to the Italian traffic, the Committee has received information from various sources tending strongly to confirm the existence of agreements or cooperative understandings between other groups of lines operating between Mediterranean ports and the United States. At least four such agreements or understandings are indicated by this information. It should be stated, however, that practically all the lines involved have ignored or declined to answer the Committee's Schedule of Inquiries, and that the Committee therefore lacks positive proof of the existence of these agreements. The following is an outline of the agreements referred to, and the source of the Committee's information:

1. In his report to the Committee the American Ambassador to Italy, Mr. T. J. O'Brien, states that he has been reliably informed that a freight pooling arrangement, similar in character to the Mediterranean pooling agreements already described, exists between the Creole Line, Peirce cargo boats, Cunard Line, and the National Steam Navigation Co. of Greece. (Vol. 3, p. 62.) Apparently the only regular line outside of the pools involving the Italian traffic is the Fabre Line which, it should be stated, is the only steamship line maintaining a regular service between southern France and the United States. Mr. Cyrus E. Wood, American Ambassador to Portugal, also reports that this line is the only one regularly and directly engaged in the carrying trade between Lisbon and the United States. The officials of this line advised the Committee that the company "is a member of the Mediterranean Conference for mutual information, but is in no agreement in connection with the same." But, while having refused to join the pool, Mr. W. G. Sickel testified in connection with the eastbound Italian Freight Agreement that the line "rarely touches Italian ports, and whenever it does, it generally adheres to the rates of the so-called conference lines." (Vol. 2, p. 839.)

2. Between Spain and the United States a considerable part of the traffic is carried by non-Spanish lines, transshipping at Hamburg, Marseille and other European ports, or by Austrian and French steamers which occasionally stop at Barcelona while en route between New York and Trieste. The direct through freight service is confined to two Spanish lines, viz, The Compañía Trans-

atlantica, with monthly sailings from Barcelona, Valencia, Malaga, and Cadiz to New York, and the Pinillos Line, operating from the same ports via the Canary Islands, Porto Rico, and Cuba to New Orleans and Galveston. According to the report (vol. 3, p. 101) of Mr. Henry H. Morgan, Consul General at Barcelona,

An agreement was formed about eight years ago between the Compañia Transatlantica, Linea Pinillos, and the Compañia de Navigacion Transatlantica to put an end to the former system of cutting rates between these companies, and a schedule of rates to be charged by each of these companies for freight and passengers was agreed upon. Allowance was made in fixing these rates for the larger boats and more rapid service of the Compañia Transatlantica. Rates were to remain in the same proportionate scale or be changed by mutual consent as long as this arrangement remained in force, and, according to my information, it still exists and is binding upon the Pinillos and Transatlantica companies. About three years ago the third company to the agreement, the Compañia de Navigacion Transatlantica, ceased to exist.

Although this agreement I am informed is of documentary character, it is regarded as strictly secret, and is in the possession of the heads of the respective companies only, so that it has been impossible to obtain a copy or even an inspection of the agreement to substantiate the statements made to me. I may add that not only the local clearing agent of the Transatlantica company but also the main office of that company deny any knowledge of such an agreement as the above. My opinion, however, is decidedly in favor of the existence of the agreement.

3. Between the Austrian ports on the Adriatic and the United States two regular lines control the traffic, viz., the Cunard Line from Fiume, and the same line and the Austro-Americana from Trieste. Under date of December 5, 1912, the Cunard Line furnished to the Committee its published rates of freight from Trieste to New York, effective from the 1st of April, 1912, but subject to change without notice. These rates were the same as those published in the West-bound Freight Tariff of the Austro-Americana Line, which likewise became effective in April, 1912. Mr. R. J. Totten, American Consul at Trieste, reports under date of October 31, 1912, that these companies have agreed upon a new minimum freight tariff to go into effect about January 1, 1913, and involving a slight advance in the general level of rates (vol. 3, p. 22). The Committee has also been advised that the lines operating from Trieste and Fiume give much lower rates to Austrian exporters than are enjoyed by the exporters of Italy, but that "if Italian goods are sent to these ports for shipment they are refused acceptance" (vol. 3, p. 83).

(4) Only one line plies directly between New York and the Levant, namely, The America-Levant Line. At present this line operates only as far as Smyrna but, in view of arrangements now under way, will soon run steamers to Constantinople and certain Black Sea ports. Thirteen other lines, however (enumerated on p. 107 of vol. 3), accept goods from New York for the Levant with transshipment at Liverpool, Hamburg, Bremen, Havre, Marseille, Naples, Genoa, Patras and Piraeus. With two exceptions these lines are parties to the Mediterranean Eastbound and Westbound Freight Agreements. Furthermore, Mr. Gabriel Bie Ravndal, Consul General at Constantinople, reported to the Committee the following facts (vol. 3, p. 108) :

I am informed by several local steamship agents that there is an agreement between all the lines accepting goods at New York, Boston, and Philadelphia for Levant ports, with the exception of the Fabre Line and the National Steam Navigation Co. of Greece, for the purpose of regulating and controlling freight rates. I am not able to state whether or not the America-Levant Line is included within this agreement, but as this line has informed me that they adopt the same tariff from the Levant to United States ports, as do the lines in the "Liverpool Agreement," it would appear that they follow the same practice in regard to rates on freight shipped from United States ports to the Levant.

I inclose herewith a copy of a tariff of freight rates entitled "Freight rates from Atlantic ports to Levant and Black Sea," which took effect in April, 1912, and which is subject to change without notice. The fact that identical copies of this tariff of freight rates were handed to me by several local steamship agents is further proof that such an agreement exists. Freight rates were increased in December, 1911, and again in April, 1912, on account of the Italo-Turkish War and of the high price of coal and fuel, as well as the general expansion of the trade of the world. It is believed by local agents that this agreement exists primarily in order to put into effect uniform freight tariffs, and that it is not for the purpose of pooling or dividing the earnings of the several lines which operate independently of each other in this respect. No rebates are given by local steamship agents on goods shipped to this market from United States ports.

In the westbound traffic a large number of lines accept goods at Constantinople for New York, Boston and Philadelphia with transshipment at various European ports. This indirect traffic is conducted by three groups of lines, viz., the Cunard, Moss, Pappayanni, and Ellerman Lines (so-called "Liverpool Lines"), with transshipment at Liverpool by the Cunard and White Star Lines; the German Levant Line with transshipment at Hamburg and Bremen by the

Hamburg-American Line and North German Lloyd Line; and a large number of local Mediterranean lines with transshipment at Marseille, Patras, Piraeus, Trieste, Naples and Genoa by the Fabre and Greek lines, as well as practically all the companies which have been enumerated as parties to the Mediterranean Freight Agreement. (For a full enumeration of all the lines engaged in this traffic see vol. 3, pp. 109 and 110.)

The four Liverpool lines—the Cunard, Moss, Pappayanni, and Ellerman Lines—have entered into an agreement for the purpose of preventing competition between the lines and of controlling the freight rates on goods destined to America with transshipment at Liverpool. Sailings of the respective lines are so controlled that there is always at the port of Constantinople a cargo steamer belonging to one of the four lines. This practice of rotating the steamers gives the Liverpool lines a decided advantage over competitors in loading and unloading facilities, insofar that their steamers are always ready to accept freight as soon as loaded aboard the lighters, whereas nonconference steamers are often late in their schedules, thus entailing, in view of the absence of adequate storage depots at Constantinople, heavy demurrage charges, as well as risk to the freight through exposure to the elements. Until recently, also, these lines sought to compel local exporters to ship exclusively over their lines to America by granting annually a deferred rebate of 2s 6d per ton on all shipments during the preceding year. Such rebates, granted for a period of about 10 years, were recently discontinued; and it is claimed that at present no rebates are granted by any of the lines operating in the American trade from Constantinople (vol. 3, p. 110).

With reference to the Mediterranean lines engaged in the west-bound traffic from the Levant to the United States, Mr. Ravndal reports that:

Although there is no pool or formal agreement among the lines traversing the southern or Mediterranean route, the majority of these lines follow more or less the standard of freight rates set by the four companies in the Liverpool Agreement. The southern lines are not, however, obliged to follow the Liverpool standard of rates, and local agents occasionally cut their own rates from 10 to 20 per cent in order to secure an especially large shipment of goods, or if they are in need of cargo for their vessels. The National Steam Navigation Co. of Greece, which operates directly between New York and Piraeus, and

which lately absorbed the Hellenic Trans-Atlantic Line, maintains a standard of rates which is from 20 to 25 per cent lower than the rates adhered to by the other lines. The reasons for this rate cutting are that the National Steam Navigation Co. of Greece is very anxious to secure more cargo because the Greek ports do not afford sufficient traffic for the United States, and furthermore because they are able to operate their steamers on a much cheaper basis than do the other lines. The America-Levant Line, a company recently organized and which has just put into effect a schedule of direct sailings between New York and Smyrna, has not yet perfected its tariff of freight rates and for the present is accepting goods for shipment to America at the same rate as do the "Liverpool lines."

None of the lines in the Liverpool Agreement, it should be added, publish a list of freight rates for distribution among shippers, and rates must be obtained through personal inquiry at the steamship offices. The printed tariff furnished to the Committee was marked "Private—For use of Liners' agents only," and showed that the rates on all commodities are the same over all the lines. The Committee was also advised that between November, 1911, and April, 1912, the rates on all commodities shipped from New York and other Atlantic ports over the lines in the Liverpool Agreement advanced from 20 to 40 per cent; and that a corresponding advance occurred on shipments in the westbound traffic, (vol. 3, p. 113). While this large increase is partly traceable to the war risks and the increased cost of coal, the opinion is prevalent among merchants that these high freight rates tend to discourage commerce between the United States and Turkey. (Vol. 3, p. 113). It is also interesting to note, as reported by Mr. Ravndal, (vol. 3, p. 112) that: "An examination of the inclosed 'Constantinople homeward tariff' of the Liverpool lines will show that whereas the rates from Constantinople to New York, Boston, and Philadelphia are from 10 to 100 per cent more than from Constantinople to Liverpool direct, the rates on commodities shipped to America in large quantities, between Constantinople and New York are either the same as or from 10 to 25 per cent cheaper than the rates on the same commodities between Constantinople and London. These rates to America, on the above-mentioned products, are maintained in order to compete with the lines which carry the same commodities over the shorter southern routes."

The Existence of Deferred Rebates in the Trade Between the United Kingdom and the Ports on Puget Sound and the West Coast of Canada.

Several importing and exporting firms located on the American Pacific coast have called attention, in letters addressed to the Committee, to the adoption of deferred rebate agreements by some of the foreign steamship companies engaged in the trade between the United Kingdom and northern Pacific ports. One of these firms—an exporting house at Seattle—refers under date of March 31, 1913, to the existence of a conference between the lines engaged in this trade on the outbound voyage. “The arrangement,” according to the letter, “sometimes accrues to the benefit of the shipowner, but just as often to the benefit of the shipper, and we have in mind particularly the canned-salmon trade to Liverpool from the north Pacific coast last year. The conference lines fixed the rates at 42/6 and 45/- per ton of 2,240 pounds, *less a 10 per cent deferred rebate, to Liverpool and London respectively*, and these rates are in effect until July of this year. No sooner had the conference lines put these rates into effect than freight markets all over the world made a substantial advance, and the conference lines would, under different circumstances, have been justified in advancing the rates 7/6 to 10/- per ton. Of course, on the other hand, freights might have dropped, and the shoe would have been on the other foot, but, taking a broad view of the whole matter as merchants, we believe we can conduct our business with better results by having established rates of freight in preference to throat-cutting competition.”

Another communication from a large importing house on the Pacific coast explains that, owing to the establishment of several regular lines of steamers from Europe to the American Pacific coast, it has been importing considerable quantities from England. These steamer lines, it is asserted, have generally charged moderate rates of freight, owing to competition, especially from sailing vessels. “There can be no doubt,” according to the letter, “that it is the aim of these companies to organize a so-called conference in the end, and that if other steamer lines should come into the market for these voyages, there would very probably be a fight, with the usual result of the survival of the fittest.” Special attention is called to the fact that the companies have already inaugurated the

deferred rebate system as regards imports to the northern Pacific ports, and the fear is expressed that the same practice may also soon be applied to the voyage to San Francisco. The following is a copy of the printed deferred rebate circular sent out by the brokers of the Harrison Direct Line, and furnished to the Committee by the above-mentioned importing firms:

HARRISON DIRECT LINE.

BRITISH COLUMBIAN AND PUGET SOUND PORTS.

Exporters of goods from the United Kingdom to any port on the west coast of Canada or in Puget Sound, who, from the 1st April, 1913, to 30th September, 1913, have found it to their interest to confine their support and shipments to these ports to the steamers of the Harrison Direct Line, will be allowed a rebate of 10 per cent off the freights contributed during that period, provided only that such support and shipments are continued to 31st December, 1913.

Exporters applying for returns, which will be paid at this office on and after 31st December, 1913, will please to fill up and sign forms which may be had upon application.

Exporters failing to apply for returns within three months of the time when payment becomes due forfeit their claim thereto.

No returns, immediate or deferred, other than the above will be allowed on shipments to the above-mentioned ports.

Until further notice shipments made by the steamers loaded by Messrs. Alfred Holt & Co., or to the east coast of the United States or Canada, and thence overland by rail, or via the Isthmus of Panama, or via the Isthmus of Tehuantepec, will not invalidate claims for this rebate.

For the Harrison Direct Line.

RICHARD BULMAN & Co.,
Loading Brokers.

MERSEY CHAMBERS,

Liverpool, 18th March, 1913.

CHAPTER III.

AGREEMENTS IN THE AMERICAN-AFRICAN TRADE.

Understanding Between the Lines Operating to South and East Africa.

According to the signed memorandum, submitted to the committee in answer to its schedule of inquiries by the Bucknall Steamship Lines (Ltd.) and the Union Castle Mail Steamship Co., and concurred in by the other lines in the trade, all the steamship companies engaged in the direct trade from the United States to the ports of south and east Africa—viz, the American & African Steamship Line (operated jointly by the Bucknall Steamship Lines (Ltd.) and the Union Castle Mail Steamship Co.), the Union Castle Mail Steamship Co. (Ltd.), the Union Clan Line, the Hansa Line of Bremen, the Houston Line, and the Prince Line—are operated on the basis of an oral pooling arrangement, the particulars of which are based upon the previous agreement which expired in 1909. The original agreement in this trade followed a series of rate wars covering a period of about eight years, the fighting rates at one time declining for a period of nine months to as low as 10s. While these rate wars lasted American goods were carried at rates much lower than those from the United Kingdom. Mr. Douglas Owen testified before the Royal Commission on Shipping Rings that “generally speaking, during this period rates were one-half to one-third lower than the rates from the United Kingdom.” It was also the opinion of the Royal Commission that these low rates tempted importers in South Africa to place orders with American manufacturers which otherwise would have been placed in England, thus enabling them to obtain a footing in the South African trade. The Hansa Line was admitted to the agreement in 1901, and the Houston and Prince Lines, which began their opposition in 1902 and continued the same until 1904 and 1905, were admitted in January, 1904, and June, 1905, respectively. With a cessation of the rate wars waged by the Houston and Prince Lines, the

rates and tariff classifications from the United States have been readjusted to correspond approximately with those issued by the lines trading from the United Kingdom.

The main particulars of the present working arrangement may be briefly summarized as follows:

(1) The total tonnage required by the trade is furnished by the six lines in the proportion of two-sevenths for the Union Castle Mail Steamship Co., by reason of the fact that it is an amalgamation of two companies, viz, the Union Steamship Co. (Ltd.), and the Castle Mail Packet Co. (Ltd.), and one-seventh each for the remaining five lines. There is no division of traffic nor a territorial division of routes. No understanding exists for the discontinuance of any service or for limiting the time or number of sailings. Steamers are provided by each line in turn as the trade may require. The object of the pool is to have the several lines furnish all the tonnage needed for the trade at regular intervals and in the proportions referred to above. Freight money collected by the agents is transmitted to the principals of the several lines and is pooled abroad on the basis that, after provision is made for certain payments to meet the cost of running the steamers, the balance is divided in such a manner that each line obtains in the apportionment practically the amount earned by its steamers. The New York representatives of the lines, as explained by Mr. Paul Gerhard and Mr. William E. Halm, representing, respectively, the Prince and Houston Lines, exercise no discretion whatever in the loading of steamers, all orders coming from the London Conference, whose policy it is to keep only one steamer on the berth and to have the tonnage equitably divided between the lines. In their statements to the committee the representatives of the lines have contended that this pooling arrangement has resulted in a much more efficient, frequent, and regular service than formerly existed, and that American shippers now have the advantage of three or four dispatches a month, or more if necessary, thus enabling them to order their goods from the interior in any quantity and as often as they please, with the assurance that upon arrival at New York the freight will be promptly cared for. As stated in the Union Castle Mail Steamship Co.'s report to the committee—

The object of the arrangement is to conduct the trade with regularity and frequency of sailings to meet the requirements of American shippers; other-

wise, owing to the small interest of each line, the trade would be carried on with great irregularity. American shippers have expressed their strong desire for a regular and frequent service. The lines initiated the steamship service from New York to South African ports 20 years ago, and it has undoubtedly helped greatly in the development of the American trade with that quarter of the globe, and has been appreciated by merchants generally.

It should also be noted that this pooling arrangement governs only the loading and operation of vessels from New York to South and East Africa. When discharged at African ports, it is every line's own problem to get the steamer back to New York or to substitute another steamer in the trade. The principals in London make such arrangements as they see fit to place steamers as per their allotted percentage, and it is not necessary that the same steamers remain occupied in the trade. There is practically no return cargo to the United States, owing to the comparative absence of agricultural and manufacturing industries in South and East Africa. Practically the entire exports are confined to freight which is small in volume, although very valuable, such as diamonds, gold, ostrich feathers, etc., and a limited amount of wool and grain, and almost all of this cargo destined to the United States is carried by the mail steamers to Southampton and then transhipped to steamers running from Southampton to New York. It therefore follows that the New York steamers, after discharging at South and East African ports, may be sent to England, India, Australia, or the River Plate, the principals in London supplying some other steamer for the next sailing from New York.

(2) The rates are made in London and are sent or cabled to New York and put into effect by the agents there. These rates are uniform for all the lines and to all shippers, and are based on the prevailing rates charged by European services to South and East Africa. All the witnesses who appeared before the committee in the interest of the South and East African trade have testified that the rates charged by the conference lines are maintained at the same level as from Europe; that there is no discrimination against American shippers in favor of European markets; and that it is the understanding between the lines that rates from the United States shall be maintained as nearly as may be possible on the same level as those charged from British or continental ports, due regard being had to the relative classification of goods in the United Kingdom and Europe and

the United States. This parity in rates, as testified by Mr. Paul Gottheil, representing the Hansa Line, has always been insisted upon by American shippers in order to meet European competition. Yet Mr. Gottheil and a number of other witnesses expressed their belief that the conditions of the trade justified a higher rate of freight from New York than is being charged from Europe. Briefly summarized, this belief is based on the following facts:

(a) There is practically no return cargo from Africa, and the vessels are obliged to work their way back by way of India or Australia to Europe, and from there must proceed mostly in ballast in order to re-enter upon the New York service. The expenses involved, Mr. Gottheil placing the expense from Europe at \$6,000 per steamer at the least, naturally makes the American freight rate to South Africa higher than it would be if there were return cargo.

(b) All cargoes from Europe to Africa are of a much more miscellaneous character than is the case from New York, and the freight earnings of a ship loading from New York are therefore naturally lower. Many American cargoes consist chiefly of rough freight, such as case oil, lumber, rosin, etc., which pay relatively a much lower rate of freight than the higher grades of cargo from European ports.

(c) The much higher port charges at New York, as compared with European ports, are also declared to be a material factor. Leaving out of account such charges as pilotage and tonnage dues, which are also higher, attention is called to the heavy pier rentals prevailing at New York, ranging from \$60,000 to \$150,000 per year, and the additional handicap involved in the difference in wages in New York as compared with Europe for the loading and unloading of vessels.

All the factors just enumerated, it is argued, show that American shippers are treated very favorably when the lines serving them agree to keep their rates to the African market on a parity with those from Europe. Mr. William E. Halm, manager of the Houston Line, testified (vol. 1, p. 275), concerning the improbability of the conference lines discriminating against American shippers, that—

nearly every large concern in the United States doing business to South Africa as well as other ports of the world, maintains offices in the principal capitals of Europe—London more often than other capitals. These commission houses act as buying agents for the firms in South Africa, and, acting in that capacity, they place orders with manufacturers in England and in Germany as well as

in the United States, and these commission houses ship the goods. They must of necessity know of the rates and the arrangements from each country. If one of these firms, shipping from England, were to get special rates from there, they would very quickly insist on getting the same special rates from the United States.

Similarly, Mr. Paul Gottheil, representing the Hansa Line, testified:

It should be stated definitely that the Prince Line, which has a service both to Africa and Brazil, has no European service to those ports. Now, just to counteract statements to the effect that there is a Shipping Trust, that the business is divided between the different lines, and that it is regulated by European influences, I am quite certain from my knowledge of Mr. Knott, the manager of the Prince Line, that if ever any question arises as to the question of rates being equal from the United States as compared with Europe, he will work in favor of the American rate being lower, because it is to his interest.

(3) There is no deferred rebate system in the trade at present, although such rebates were granted until a few years ago. According to the testimony of Mr. Herbert Barber (vol. 1, p. 429), the granting of deferred rebates was abandoned for fear that legal complications would result if the practice continued. It also appears that provision was made in the recent agreement between the South African shippers and the regular lines trading to the Union ports of South Africa that—

the rates of freight shall be the present berth rates of freight (with 5 per cent primage in respect of the mail steamers only), but without rebates for all descriptions of cargo.

(4) Two conferences exist in the trade for the conduct of the business operations of the several lines, viz, the London Conference and the New York committee. The London Conference, consisting of the principals of the lines, names the steamers that are to be loaded in turn, and controls absolutely the operation of the steamers engaged in the trade. (Vol. 1, p. 271.) All rates are issued from London, and no rate may be changed except on advice from London. (Vol. 1, p. 429.) In other words, the instructions from London are so definite as to allow no latitude to the New York representatives of the lines, whose duty it is to carry into effect the instructions received from London. With the exception of the Prince Line, all the lines operating from New York are also parties to either the South African Outward Conference or the South African Home-

ward Conference, governing, respectively, the trade from and to the United Kingdom as regards South Africa. (See vol. 2, p. 3, of the Report of the Royal Commission on Shipping Rings.)

While the New York agents of the lines have not been delegated any discretionary powers, they are nevertheless organized in a so-called New York committee. The agents meet in the different offices of the lines once a week to report the progress of the loading of the steamers and to arrange incidentals in connection with the business. If certain rates ought to be lowered or raised, the matter is discussed in this committee, and recommendations are referred to the London Conference, which in due course approves or rejects the same. The agents also meet to compare notes as to the position of the steamers, to report contracts with shippers, and to put into effect any instructions in regard to rates which may have been received from London.

(5) All contracts with shippers are made for the account of all the lines in the agreement, each carrying its proportion of the contract freight as it is tendered from time to time. The testimony before the committee shows that such contracts have been entered into with various large American corporations, such as the Standard Oil Co., the New York Lubricating Oil Co., the Union Carbide Sales Co., and the International Harvester Co. Using the contract between the New York Lubricating Oil Co. and R. P. Houston & Co. for illustrative purposes (Mr. Halm advised the committee that the terms and conditions of this contract are exactly the same as in the contract with the Standard Oil Co.), it appears that the oil company contracts with R. P. Houston & Co., as agent for all the South African lines, for freight room for all shipments to Cape Town, Mossel Bay, Algoa Bay, East London, Port Natal, and Delagoa Bay during the next two years from date at the freight rates specified in the contract. At the expiration of the two-year period, the contract is to continue indefinitely, subject to termination at any time thereafter by a nine months' notice in writing by either party to the contract. R. P. Houston & Co., on behalf of the lines, agrees to furnish at least one steamer per month for all the ports mentioned, except Mossel Bay, during the term of the contract, and the oil company agrees to announce the quantity of cargo to be shipped in ample time to allow for the proper supply of tonnage. All shipments must be

made in steamers named by R. P. Houston & Co., and it is agreed that—

should the lines mentioned make a contract during the period of this contract for the transportation of similar articles to those mentioned in this contract at rates lower than those mentioned above, the New York Lubricating Oil Co. shall be given the benefit of such reductions on the same goods by the said steamer or steamers that carry the goods at the reduced rates.

It should be added that in the case of large shipments, such as the Standard Oil Co., advance notice of the quantity of cargo to be shipped during the next 30 or 45 days must be given, owing to the fact that the amount of their cargo is so large that no one line can satisfactorily carry the same unless such previous notice is given.

Agreement Governing the Trade to the West Coast of Africa.

Until about three years ago American merchants were without any regular line service to the West Coast of Africa, although a frequent, regular, and efficient service was operated to this market from both England and Germany. What little shipping existed between the United States and the West Coast of Africa was carried by tramps or sailing vessels, whose service, in the absence of regular sailings and fixed rates, was not such as to develop a new trade by enabling American merchants to compete with European producers. In 1911, however, three of the German lines, viz, the Woermann Line, the Hamburg-American Line (African service), and the Hamburg-Bremen-African Line, combined for the purpose of running a steamer at regular intervals between New York and the principal ports on the West Coast of Africa. In its initial stages these lines knew that the service could only be operated at a loss, and Mr. W. G. Sickel, vice director in charge of the Hamburg-American Line, testified that the service is still an unprofitable one. The German lines also felt that it was undesirable to develop the trade by incurring large losses, and later, when the traffic had been placed on a paying basis, have the English lines obtain a share either with or without the consent of the originators of the trade. For these reasons the German lines invited the English lines to join the venture. The result was the agreement of March 2, 1911 (a full copy of this agreement may be found in volume 2 of the committee's proceedings, pp. 1383-1384), whereby the combined German and

English lines are now operating a joint service from New York to the West Coast of Africa, thereby offering facilities for the development of the trade vastly superior to those that could be furnished by the tramp and sailing vessel service of former days.

The agreement was entered into between the three above-mentioned German lines, on the one part, and four English lines, viz, the African Steamship Co., the British & African Steam Navigation Co. (Ltd.), the Elder Line (Ltd.), and Elder, Dempster & Co. (Ltd.), on the other part, for the purpose of establishing a united service in both directions between the United States and the West Coast of Africa from Lüderitzbucht to Dakar, the Canary Islands and Madeira, included. If either of the groups of lines should deem it necessary to start a new service from any other American port than New York to the West Coast of Africa, and vice versa, such group is bound to invite the other group to join the undertaking on the basis of the existing contract, it being understood, however, that the invited party has the privilege of refusing. The agreement was made for a period of seven years, after which time the contract is to continue unaltered, subject to six months' notice on the part of each group of lines to terminate the agreement on January 1 of each year. Special attention should be called to the fact that this agreement was entered into from the inception of the trade; in fact, was responsible for initiating the service. Moreover, the combination comprises all the lines plying in the trade, and to all intents and purposes all the lines operate as a unit. Briefly classified, the terms of the agreement provide for the following:

(1) The same freight and passenger rates shall be charged by both parties to the contract, such rates to be settled by mutual agreement and to be binding until changed. While either party may take cargo as through freight from the United States via Europe to the African ports contemplated under the agreement, it is provided that—

all rates of freight from New York to the West Coast of Africa, either direct or via England or via Germany, shall be the ordinary tariff rates from England and Germany to the West Coast of Africa.

From time to time the rates from New York to the Canary Islands, both on direct and through freight, must be settled by mutual agreement.

(2) With reference to the nature of the service, a number of details are fully specified in the agreement. Both parties to the contract shall maintain the service on a time-table mutually agreed upon, and sailings shall be so arranged that a British and German steamship shall take sailings alternately. The steamers employed shall, as regards size, be in proportion to the requirements of the trade, with a view to assuring to each group of lines, as far as possible, the carriage of the same quantity of freight. All the lines shall issue circulars and time-tables jointly. The agents of the lines in America and Africa must issue similar notices, and each agent shall book only for his own line.

(3) The freight and passenger business of the lines is pooled "after the carrying steamer has first received 25 per cent thereof, the pool afterwards to be divided equally" between the English and German lines. Either party to the contract may, however, load a full cargo of timber from the West Coast of Africa to the United States, if not in a regular line, without bringing the same into the pool, provided that the cargo is not to be delivered at New York, Boston, or Philadelphia, and provided that a week's notice of the intention to carry such cargo is given to the other party. All settlements between the parties to the pooling arrangement must be made every six months, all details to be arranged by mutual agreement. An adjustment of certain contracts with large shippers is also provided for. Thus the German lines agree to bring into the pool (1) the contract which they entered into with the Otavi Minen and Eisenbahn Gesellschaft for the transportation of ore from German southwest Africa to New York (Perth Amboy), and (2) the contract with the Vacuum Oil Co., as far as the same applies to the ports served. The German lines also—

agree that the English lines try to alter their contract with the Vacuum Oil Co. so that they have also the right to take petroleum direct from the United States at the same rate as the German lines, and the English lines agree to do as aforesaid and to ship by this new line the petroleum above referred to for all ports worked by this service. Both parties to the contract are entitled and bound to tender to the other any petroleum under their contract with the Vacuum Oil Co. in so far as they are liable to provide tonnage for the same and have no sailings.

It should be added here that the English lines also agree that at certain African ports their agency shall be the branch office of the Woermann Line.

(4) Conferences of the representatives of the lines summoned to discuss the service shall be held alternately in Hamburg and London.

(5) Both parties to the contract must take joint steps to defend their mutual interests in the event of competition.

(6) All disputes arising under the contract must be submitted to arbitration, each party naming its own commercial representative. If the English lines call for arbitration, the umpire shall be named by the Hamburg Chamber of Commerce, and in case arbitration is demanded by the German lines, the London Chamber of Commerce shall name the umpire. The decision of the majority is binding on both parties without recourse to law.

According to the report of the Royal Commission on Shipping Rings (vol. 2, p. 3) the lines which are party to the American agreement appear also to be members of the West African Conference, covering the trade between the United Kingdom and Continental Europe and the West Coast of Africa. In this trade a 10 per cent deferred-rebate system on all shipments outward and on a specified number of articles homeward is used, disloyalty on outward shipments involving a forfeiture of rebates on homeward shipments, and vice versa. No mention of any deferred-rebate system is made in the American agreement, and Mr. W. G. Sickel, vice director in charge of the Hamburg-American Line, testified (vol. 2, p. 838) that upon investigation he found nothing in the handling of the business that would indicate the use of deferred rebates in the American trade. Mr. Sickel also testified (vol. 1, p. 554) that he believed that the Hamburg-American Line, trading to the west coast of Africa, has an agreement with the Hansa Line, operating to South and East Africa, whereby the Hamburg-American Line will not operate steamers from the United States to South and East Africa.

Shipments to North African Ports.

Shipments from the United States to the North Coast of Africa are very limited in volume, and only reach their destination by transshipments at the ports of London, Liverpool, Havre, Hamburg, Naples, Genoa, Cadiz, and Barcelona. Return freight to the United States is also handled by transshipment at these ports. Nearly all of the 12 lines operating from New York and carrying cargo destined to North Africa have advised the committee that their freight ship-

ments to this market are very few and that they have no fixed schedule of rates. Most of the freight, it seems, is carried by the Fabre Line via Marseilles to Oran, Algiers, Bona, and Tunis; by the Compagnia Generale Transatlantique to the same ports via Havre; and by the Compania Transatlantica to Fernando Po, Casa Blanca, Tangier, and Morocco via Cadiz. As regards the shipments via London and Liverpool, the business is practically confined to the Atlantic Transport Co. and the White Star Line. Both have advised the committee that their shipments for North Africa are few and that they only accept shipments when the going rates by lines directly interested are high enough to allow them a fair New York-Liverpool proportion after paying the connecting lines.

Mention should also be made of the fact that the lines operating in the traffic from New York to India and the Far East via the Suez call at either Port Said or Aden, as occasion requires. Five lines, viz, the American & Oriental Line, the American Asiatic Steamship Co., the Barber Line, the United States & China-Japan Steamship Line, and the American & Manchurian Line, operate a "combination service" from New York to Aden every 2 weeks or 20 days, and thence by connecting steamers to ports in East Africa. While the steamers of these lines do not call at any ports in East Africa, they have advised the committee that they do issue through bills of lading to some of these ports for transshipment via Aden, the rates being arrived at by adding the amount charged by the on-carrying lines. The American & Indian Steamship Line calls at Port Said, Egypt, and makes similar connection for ports in East Africa. The first five lines not only advertise a combination service but are parties to the steamship conference governing the traffic from New York to the Far East via Suez. The several agreements for the regulation of this trade are discussed in the chapter on "Agreements in the American-Asiatic Trade."

According to Mr. Arthur Garrels, American consul at Alexandria, Egypt, there is no direct freight service from Egypt to American ports. (Vol. 3, p. 302.) Approximately 30,000 tons of cotton (this constituting by far the most important item of Egypt's exports to the United States) is sent annually to Boston and New York, and practically all of this is transshipped at Liverpool. Through

rates via Liverpool, extending over an entire season, are quoted by some of the lines. "An arrangement also exists," as reported by Mr. Garrels, "between cotton exporters and several British steamship lines between Alexandria and Liverpool, whereby the former agree to confine their shipments to those lines, and the lines guarantee regular sailings with ample room and fixed rates for the entire year."

CHAPTER IV.

AGREEMENTS IN THE AMERICAN-AUSTRALASIAN TRADE.

Direct Shipments from New York to Australasian Ports.

Direct shipments from the Atlantic seaboard of the United States to ports in Australia and New Zealand are confined to three lines, all operating from New York, viz: The American & Australian Steamship Line (owned and controlled by Messrs. Bucknall Bros. and several other English interests), The United Tyser Line (a combination of the Tyser Line with the Hansa and German Australian companies), and the United States & Australasia Steamship Co. (an American corporation). The last company is owned by a number of American merchants who ship extensively to Australia and who organized the company because they found it impossible to compete with the increasing number of foreign steamers. Having concluded that they could no longer successfully load steamers individually, they decided to cooperate and establish a line of their own. The line, it should be stated, owns no vessels but charters foreign boats for the operation of the service.

In its report to the Committee the American & Australian Steamship Line explains that the aforementioned three lines have entered into an oral pooling agreement governing the operation of the service between New York and ports in Australia and New Zealand. The agreement, although not in writing, is strictly observed, and is in the nature of a partnership arrangement between the lines. There is no division of traffic nor a territorial division of routes. About 40 sailings are made in the course of a year and the vessels of the several lines are loaded in turn as far as practicable. The total tonnage for the trade is furnished by the three lines in accordance with the following agreed percentages, viz: The American & Australian Steamship Line, 42½ per cent, The United Tyser Line, 35 per cent, and the United States & Australasia Steamship Co., 22½ per cent. The profits

On Pacific Coast Cargo—Continued.

Silk Goods, Net.

Rice.

Peanuts.

Cement, a rebate of 10 cents per cask.

On Ocean Proportion of through rates to Overland Points:

All cargo (except Raw Silk and Silk Goods) a rebate of 20 per cent off the Ocean proportion of the through rate.

Raw Silk, Net.

Silk Goods, Net.

On the 1st July, 1911, to those exporters from Japan, who, from the 15th February, 1911, to the 30th June, 1911, may have found it to their interest to confine their support and shipments during that period to the Pacific Mail Steamship Co. we shall be glad to allow a return of fifty per cent of the above rebate on the freight paid as per Bill of Lading.

On the 2nd of January, 1912, to those exporters who, on the 31st December, 1911, may have found it to their interest to confine their support and shipments during the previous ten and a half months to the said Line, we will allow a further fifty per cent, of the above rebate, on freight contributed from the 15th February, 1911, to the 30th June, 1911, and fifty per cent of the above rebate on freight contributed during the six months from the 1st July, 1911, to the 31st December, 1911.

On the 1st July, 1912, to those exporters, who, on the 30th June, 1912, have found it to their interest to confine their support and shipments during the previous sixteen and a half months to the said Line, we will allow a further fifty per cent of the above rebate on freights contributed during the six months from the 1st July, 1911, to the 31st December, 1911, and fifty per cent on freights contributed during the six months from the 1st January, 1912, to the 30th June, 1912.

Until further notice future rebates will be payable Semi-Annually on the same terms and conditions as above set forth.

Until further notice, shipments made by the Toyo Kisen Kaisha, Portland & Asiatic S. S. Co., Canadian Pacific Railway Co.'s Royal Mail Steamship Line, Nippon, Yusen Kaisha, Great Northern S. S. Co., Ocean S. S. Co., Ltd., China Mutual S. N. Co., Ltd., The Bank Line, Ltd., and Osaka Shosen Kaisha, will not invalidate claims for the above.

No rebates will be payable to any exporter, shipper or consignee who has accepted concessions of any nature from any steamship Line other than the above agreed rebates.

Exporters applying for the rebate which will be payable in Yokohama and Kobe on and after the 1st of July, 1911, 2nd January, 1912, and 1st July, 1912, respectively, must fill up and sign forms in accordance with the above terms and conditions.

These forms can be obtained from the Agents of the Company.

Yours truly,

(Sgd)

B. C. HOWARD, *Agent, Yokohama.*

YOKOHAMA, *January 25th, 1911.*

(For a sample copy of the form referred to, which exporters applying for the rebate must fill and sign in accordance with the terms and conditions of the agreement, see the form used by the Osaka Shosen Kaisha, reproduced in vol. 3, p. 198.)

Trans-Pacific Tariff Bureau (Hongkong & China Branch).—This Branch of the Bureau differs from the Japan Branch in two important particulars. In the first place it issues only a joint tariff of “eastbound proportional commodity rates,” the lines having filed with the Committee the last issue of the so-called “Hongkong Tariff No. 4” (also dated Feb. 1, 1912) “naming eastbound proportional commodity rates from Hongking, Keelung and ports of call in China and the Philippines to overland common points named in Trans-Continental Freight Bureau’s Tariff S. R. 1010,” and applying by all of the nine lines which were named on the tariffs issued by the Japan Branch of the Bureau. (Vol. 3, p. 176.) Unlike the Japan Branch, the Hongkong & China Branch does not issue a port-to-port tariff. Mr. R. P. Schwerin testified (vol. 2, p. 889) that he did not believe that this Branch of the Bureau had “very much to do with the port-to-port rates,” and that it “has nothing whatever to do with our local Chinese business originating in Hongkong and destined to San Francisco, this traffic being entirely outside of their jurisdiction.” The rates considered in this conference seem to relate more particularly to such commodities as move in large volume and which are destined to interior points of the United States. This traffic, as pointed out by Mr. Schwerin, is in competition with the Suez lines, and it is in this connection that the trans-Pacific lines, as already explained, come together in conference for the purpose of watching the competitive situation with a view to diverting as much of that traffic to the associated water lines and transcontinental railroads as possible.

Secondly, the Hongkong & China Branch of the Bureau has made no arrangements in its tariff for the granting of deferred rebates to loyal shippers. Mr. George E. Anderson, Consul General at Hongkong, reports to the Committee (vol. 3, p. 170) that: “the Trans-Pacific Conference in Hongkong is held together as a matter of maintaining net rates without rebate,” and that at Hongkong shipments are made largely by Chinese firms, which can not be watched like

standing between the White Star Line and the three direct lines operating from New York to the effect that the measurement cargo carried by the White Star Line from New York via Liverpool for Australia shall not exceed one-fourth of the aggregate measurement cargo taken by all four lines. According to this agreement, however, the White Star Line does not pool with the direct lines, and is free to quote its own rates. It is interesting to know in this connection that it was testified before the Royal Commission on Shipping Rings (Vol. 1 of the report, pp. 64 and 65) that the through rates by the White Star Line from the United States to Australia via Liverpool were at one time 30 per cent lower than the rates on English goods sent by the same boats from Liverpool. This disparity in rates, the White Star Line contended, could not be obviated "for the reason that unless they charged a rate lower than the direct boats from the United States, no merchant would be willing to send his goods via British ports with all the delay of the extra voyage and the risks of transshipment involved."

Trans-Pacific Lines to Australasia.

Until recently three lines operated between the American Pacific coast and Australasian ports, viz: the Oceanic Steamship Co. and the Australian Mail Line from San Francisco, and the Canadian Pacific Railway Co.'s Canadian-Australian Royal Mail Steamship Line from Vancouver, British Columbia. Of these lines the Australian Mail Line ceased to exist on December 31, 1911, and since that time, according to a communication, dated August 15, 1912, from Frank Waterhouse & Co., who were managing agents of the line, they have time-chartered only three or four steamers for full cargoes from the Pacific coast to Australasia, consisting principally of lumber, but have no steamers under charter at the present time and are not now engaged in the trade. Whether these lines were operating under any agreement or understanding has not been determined. The Australian Mail Line furnished the Committee its Freight Tariff No. 6, effective July 1, 1911, with the explanation that the rates published therein were used at the time of the discontinuance of the line and have also been issued for the limited amount of merchandise carried in the time-chartered steamers. The Oceanic Steamship Co. furnished its Freight Tariff No. 1, effective June 1, 1912, from San Francisco and

Honolulu to Sydney, Australia. A comparison of these two tariffs shows similar rates in nearly all instances. Where differences appear, the rates of the Oceanic Steamship Co. have been raised from \$1 to \$2 per ton, but it should be noted that the tariff of the Oceanic Steamship Co. is a later one, being dated June 1, 1912. The Committee was also furnished the tariff of westward rates in effect for overland business via Vancouver. The tariff shows that these overland rates are in effect over the Chicago, Milwaukee & St. Paul and the Canadian Pacific, and their connections only, and do not apply by the Southern Pacific, Santa Fe, Union Pacific, Great Northern or the Mallory Steamship Co., nor via San Francisco or Pacific gateways other than Seattle and Vancouver.

Return Cargo to the United States.

All of the direct lines operating from New York to Australia and New Zealand have reported to the Committee that their service is an outward one only, and that they do not carry return cargo directly to New York. Instead, the steamers generally return to London and Liverpool and cargo destined to the Atlantic seaboard of the United States is transshipped at the English ports. Thus in the case of New Zealand the greater portion of the exports to the United States is transshipped at London. The agents refuse to quote through rates except on one or two articles, merely quoting the rates to London and approximate the additional freight to New York as per the table published in the proceedings of the Committee (vol. 3, p. 309). In the past a few shipments of wool were made directly from Australia to Boston and New York, but this direct movement was soon found to be impracticable in that London is the world's great wool market, and shippers preferred to have their wool first sent to this port so as to have the advantages of a world market for distributive purposes. Moreover, wool is an expensive commodity and the item of freight, from the standpoint of savings through direct shipments, is a relatively unimportant factor.

With reference to the American Pacific coast, the import trade from Australia and New Zealand is controlled by the Oceanic Steamship Co. and the Union Steamship Co., of New Zealand, the last line being the only one plying directly between New Zealand and the United States. The articles exported to the United States are of a

limited variety and the current rates as reported to the Committee (vol. 3, p. 307), seem to be the same for the two lines. In fact, as reported by Mr. John P. Bray, Consul General at Sydney, "It must be observed that the steamship lines engaged in the carriage of freight from Australia to the United States are practically all working on a system of agreement to prevent rate cutting. As far as can be ascertained, there are no rebates paid to shippers by the lines trading from Australia in order to coerce business and stifle legitimate competition. Such arrangements seem to be in the nature of informal measures for the protection of the general interests."

CHAPTER V.

AGREEMENTS IN THE AMERICAN-ASIATIC TRADE.

The direct steamship lines engaged in the American-Asiatic trade, as regards both eastbound and westbound traffic, may be divided into five groups, viz, (1) the lines operating between the American Atlantic seaboard and the Far East, particularly via the Suez; (2) the lines connecting New York with the ports of India; (3) the lines operating between New York and the Dutch East Indies; (4) the trans-Pacific lines trading to and from the ports of the Far East; and (5) the Calcutta-Pacific trade via the Calcutta lines between Calcutta and Hongkong for transshipment by the trans-Pacific lines between Hongkong and the American Pacific coast.

With few relatively unimportant exceptions, the steamship lines maintaining a regular service in each of the aforementioned five trade routes are parties to written agreements or informal understandings, which have for their purpose the maintenance of rates and the prevention of ruinous competition. The Oriental trade, especially by way of the Atlantic, is peculiar in that the voyage occupies such a long time as to make it almost impossible for one or two owners to supply a frequent, efficient and regular service. There is also an absence of passenger business on nearly all the lines. These peculiarities, together with the demoralizing opposition which the regular lines encounter from a considerable number of tramp vessels in the trade, are advanced as the chief reasons for the fact that pooling of earnings and deferred rebates are more generally prevalent in this trade than in any of the other long-distance trades with which the United States is directly concerned.

Agreements Governing the Eastbound and Westbound Trade Between the American Atlantic Seaboard and the Far East via Suez.

Enumeration of steamship services and classification of agreements.—With the possible exception of relatively unimportant lines with only occasional sailings, the following table furnishes a list of

direct lines maintaining a regular service between the Atlantic ports of the United States and the Far East. Aside from the competition via European ports, these lines are to some extent in competition with the trans-Pacific lines. It is impossible to state the relative volume of American-Asiatic trade carried via the Pacific and via the Atlantic ports; but the relative importance of the two routes may be judged by the estimate furnished to the Committee with reference to the American-Japanese trade. (Ambassador C. P. Bryan's report vol. 3, p. 183.) According to this estimate "about 70 per cent of the imports to the United States and 30 per cent of the exports therefrom are carried by trans-Pacific lines, and vice versa, about 70 per cent of exports from the United States and 30 per cent of imports thereto are shipped by Suez-Atlantic lines." This difference is explained by the facts (1) that most of the Japanese products to the United States are of such a character (chiefly tea, silk, etc.) as to demand rapid shipment, and therefore move mostly by the more rapid trans-Pacific route despite the higher rates (consisting of the ocean rate plus the trans-Continental railway rate); and (2) that the products moving from the United States to Japan are mostly case oil, machinery, etc., i. e., of such a nature that they can be sent advantageously by the longer but cheaper Suez-Atlantic route.

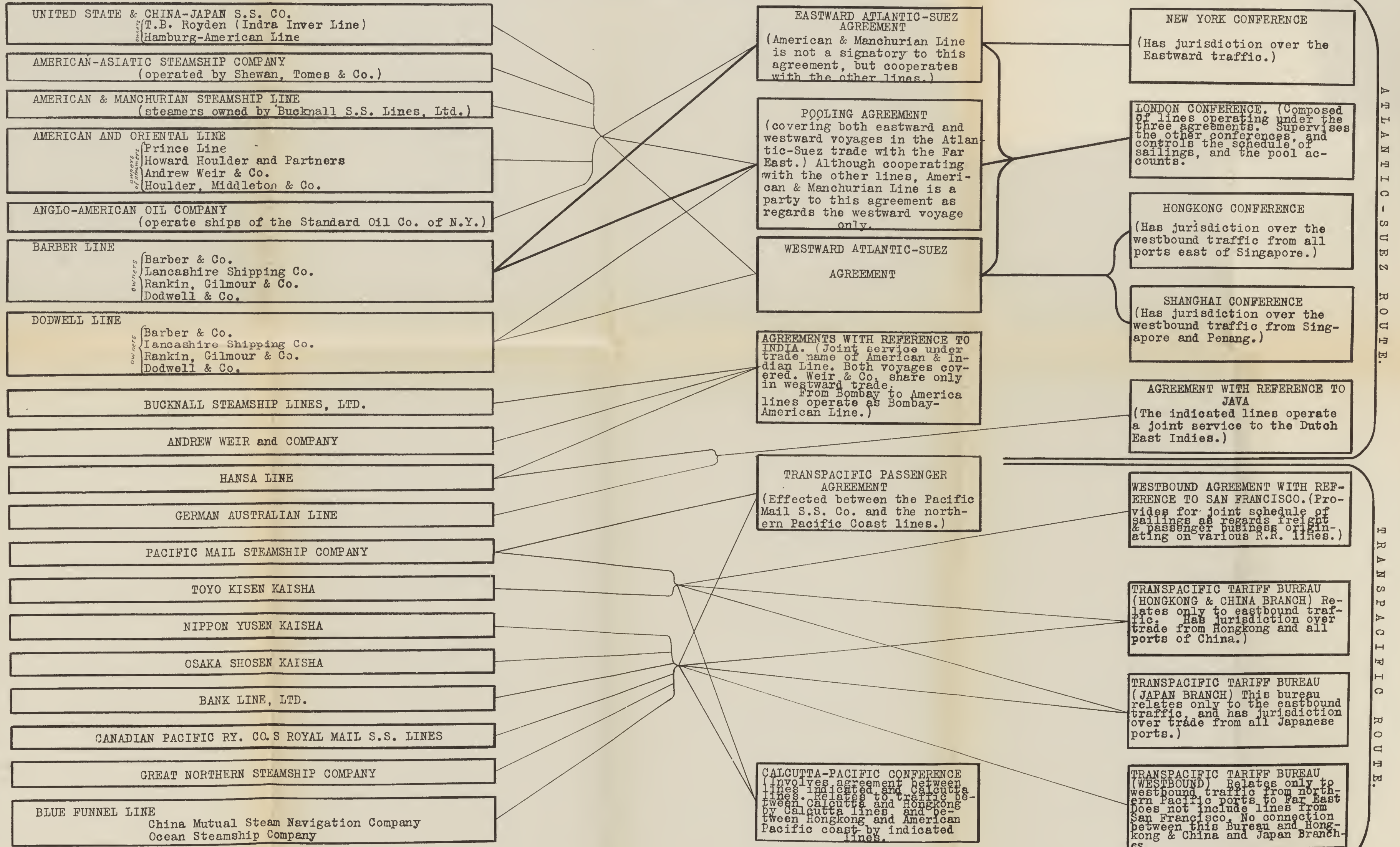
LINES OPERATING IN THE FAR EASTERN TRADE TO AND FROM
NEW YORK.

<i>Names of lines.</i>	<i>Owners of vessels represented by the lines.</i>
1. The American & Oriental Line.	An English line, under a trade name, operating steamers belonging to the Prince Line; Howard Houlder and Partners; Andrew Weir & Co.; Houlder, Middleton & Co.
2. The Barber and Dodwell Lines.	The Barber Line operates in the traffic eastward, and the Dodwell Line in the traffic westward. These lines operate steamers belonging to Barber & Co.; Lancashire Shipping Co.; Rankin, Gilmour & Co.; and Dodwell & Co.
3. The United States & China-Japan Steamship Co.	This is merely a trade name, representing the joint service of T. B. Royden, representing the Indra Inver Line; and the Hamburg-American Line. These two interests own a controlling interest in the capital stock of this company.

AGREEMENTS BETWEEN DIRECT LINES in the

R. Riegel.

AMERICAN-ASIATIC TRADE



LINES OPERATING IN THE FAR EASTERN TRADE TO AND FROM
NEW YORK—Continued.

<i>Names of lines.</i>	<i>Owners of vessels represented by the lines.</i>
4. The American-Asiatic Steamship Co.	Operated by Shewan, Tomes & Co.
5. The Anglo-American Oil Co.	Operating ships of the Standard Oil Co. of New York.
6. The American and Manchurian Steamship Line.	Is merely a trade name. Operates the steamers owned or chartered by the Bucknall Steamship Lines, Ltd. While the owners of the vessels are not parties to the agreements, the line cooperates with the lines parties to the agreements. The line is only a member of the westward pool. (Vol. 1, pp. 462-463.)
7. The Isthmian Steamship Line.	It is a trade name only, and all its steamers are chartered for single trips for full cargoes, and the total cargo shipped is that of the United States Steel Products Co., a subsidiary of the United States Steel Corporation. This line does not participate in any of the agreements. (Vol. 1, p. 497.)

With the exception of the Isthmian Steamship Line (a private carrier operating for the United States Steel Corporation) the foregoing lines are parties to, or work in conformity with, the several agreements governing the trade, both eastbound and westbound, between the Atlantic ports of the United States and East Asiatic ports, via Suez. Three agreements relating to this traffic, together with a compilation of pooling rules, are published in the Government's petition in the suit of the United States *v.* the American Asiatic Steamship Co., et al.,¹ and the Committee is advised that with certain modifications, which have become necessary since their

¹ The agreements published as Exhibits 1, 2, 3 and 4 in the Government's petition are the following:

(1) "*Memorandum of agreement (called the Eastward Agreement) regarding the Atlantic ports of the U. S. A. and Eastern Asiatic ports.*"—This agreement is signed on behalf of Barber & Co., American-Asiatic Steamship Co., United States & China-Japan Steamship Co., American & Oriental Line, and the Anglo-American Oil Co., and is found on pages 27-30 of the petition. While the American & Manchurian Steamship Line is not a party to the agreement, the line nevertheless cooperates with the above mentioned lines.

(2) "*Memorandum of agreement (called the Westward Agreement) regarding the trade between Japan, China, Manila, Straits, and Malabar coast and the U. S. A. via Suez.*"—This agreement is signed on behalf of the United States & China-Japan Steamship Co., American-Asiatic Steamship Co., The Dodwell Line, Anglo-American Oil Co. and American & Oriental Line, and is found on pages 31-37 of the petition. While the American

publication, these agreements and rules are substantially in effect at present. Mr. Paul Gottheil, whose firm furnished the agreements to the Government, expressed his belief that these agreements are still in effect. (Vol. 1, p. 326.) Messrs. Herbert Barber and William Boyd, representing respectively the Barber and American & Oriental Lines, testified that "Exhibits 1, 2, 3 and 4, referred to in the suit, practically cover, with slight alterations, the agreements under which we are working." (Vol. 1, pp. 427-428.) The managers of the United States & China-Japan Steamship Co. and the Prince Line also state in their replies to the Committee's Schedule of Inquiries that "All agreements in regard to this trade have been submitted to the court in the case against the American Asiatic Steamship Co., et al."

& Manchurian Steamship Line is not a party to the agreement, the line nevertheless cooperates with the above mentioned lines.

In its answers to the Committee's Schedule of Inquiries the American & Manchurian Line states that in the eastward voyage to the Far East it is operating as an independent line, and that it is not a signatory to the agreement. The purpose of the agreement, it is stated, is to furnish all the tonnage required for the trade of the associated lines, and the Bucknall Steamship Lines, Ltd., furnish the tonnage required for the trade of the American & Manchurian Line, the tonnage being furnished in the following proportions at present: The American & Manchurian Line, eleven thirty-sixths; and the United States & China-Japan Line, American & Oriental Line, American-Asiatic Steamship Co., and the Barber Line, twenty-five thirty-sixths. It is also explained that eastward the line does not pool its freight with the other lines, but retains its own earnings. In the westward service, however, the line acknowledged that it operates under an agreement with the other lines.

(3) "*Pooling agreement between the owners (including chartered owners) and the steamers now being run or to be run in the trade between the Atlantic ports of the United States and the Far East, as set forth in the agreement dated April 13, 1905.*"—The date refers to the eastward and westward agreements. This pooling agreement covers both eastward and westward voyages and is signed on behalf of the Dodwell Line, the United States & China-Japan Steamship Co., the Barber Line, Lancashire Shipping Co., Rankin, Gilmour & Co., American-Asiatic Steamship Co., American & Oriental Line and Anglo-American Oil Co., and is published on pages 38-47 of the petition. The American & Manchurian Steamship Line, the Committee is advised, is only a member of the westward pool.

(4) "*Pooling rules for the pooling of steamers' freights adopted as between the owners (including chartered owners) of the steamers now being run or to be run in the trade between the Atlantic ports of the United States and the Far East, as set forth in the agreements dated April 13, 1905.*"—These rules are published on pages 48-85 of the petition.

Several of the lines, engaged in the trade, but which do not appear as signers of the above mentioned agreements, have advised the Committee that their boats operate in conjunction with the joint services of the other lines. J. Chambers & Co. and the Prince Line have reported to this effect in their replies to the Committee's Schedule of Inquiries. The Prince Line states that it operates its steamers in conjunction with the group of owners operating under the name of American & Oriental Line; and J. Chambers & Co. state that: "Though not ourselves actually a party to the agreement some of our steamers load outwardly from New York to the Far East and back to the United States Atlantic ports in the Barber and Dodwell lines respectively, and we conform with the agreements entered into by these lines with those engaged in the same trade."

The essential features of the aforementioned Eastbound and Westbound Agreements may be summarized under the following heads:

Regulation of the number and order of the sailings of the several lines.—On the basis of 41 sailings in the eastbound trade, the United States and China-Japan, Barber, American & Oriental, and American-Asiatic Lines are respectively allotted 13, 13, 8, and 7 sailings. These allotted sailings are to be distributed as nearly as possible at regular intervals throughout the year, and the order of taking the berth is to be mutually arranged by the agents in New York. Additional sailings can be admitted only by the consent of two-thirds of the signatories, based on their respective number of sailings. “The whole purpose of this agreement,” according to section 10 of the Eastward Agreement, “is an equal and fair division of the traffic between the services, to work openly and fairly with one another and to avoid any and all steps by which even the appearance of undue advantage is given.”

Westbound sailings, on the basis of 46 loadings per annum, shall be divided as follows: Dodwell Line, 15½; United States & China-Japan Line, 10½; American-Asiatic Line, 7; Anglo-American Oil Company, 8; and American & Oriental Line, 5. The Anglo-American Oil Co., however, agrees to confine its loadings as far as possible to its own steamers. The admission of additional sailings, the distribution of these sailings throughout the year, and the arrangement and order of taking berth, are determined in the same manner as described for eastward voyage.

Should the 46 specified sailings prove too many or too few for the trade, the several lines have agreed upon the order in which each is to reduce its loadings. In case one party should be short of tonnage, and another of the signatories have a surplus of vessels at the time, “the wants of the former may be supplied by the latter, but agents of the former shall load the steamers and receive the usual commission for so doing.” Moreover, if none of the signatories has sufficient available tonnage to meet the requirements of the trade at any time, Messrs. T. B. Royden of Liverpool, Wm. Adamson & Co. of London, and Dodwell & Co., Ltd., of London, are authorized to act in the matter because “it is advisable that the wants of the trade be supplied by preference from steamers belonging to the ‘lines’ trading regularly with the Far East.”

Regulation of the booking of freight and the movement of steamers.—One of the objects of the agreements is declared to be “the prevention of the steamers of the signatories from clashing while loading.” To accomplish this purpose numerous provisions were adopted for regulating the booking of freight. Thus, in the eastward trade, all engagements of freight must be reported to one another by the agents in conference on the first business day of each week and copies of all freight lists must be exchanged not less than three weeks after the departure of each steamer. It is the declared purpose of the Eastward Agreement to “equitably divide all bookings” and to this end all contracts must be taken for joint account. Where contracts can not be divided, and a shortage to any of the parties to the agreement results in consequence thereof, such shortage must be made good to that party out of other contracts previously or subsequently secured. Each line, however, is given the right to book cargo specifically for the next steamer to be dispatched, provided the same is ready to load within 30 days; but no line has the right to book specifically for any steamer until allowed to do so by a two-thirds majority vote (based on the respective number of allotted sailings) of the New York agents.

Engagements of bulk freight, viz, petroleum in cases, phosphate rock and coal, are not necessarily joint operations, but it is declared that the lines shall avoid competition in this type of freight by “the closest cooperation,” and bookings of such freight shall be reported as soon as arranged. Similarly, in the case of government contracts for the carriage of freight, the lines have agreed not to compete by considering all such freight as being “taken for joint account and pooled on a basis to be agreed between the representative agents in such a way that all may obtain their proper proportion of the benefits arising from such contracts.” It is also agreed that in the eastward trade no steamer with a capacity exceeding 8,000 tons shall be allowed to operate except by the unanimous consent of the agents.

In the westward trade the movements of boats at the loading ports east of Hongkong are regulated by the Hongkong agents with a view to keeping the berth as fully and regularly supplied with tonnage as possible. All boats (sec. 13) shall load at Yokohama, Kobe, Shanghai, Foochow, Amoy, Hongkong, Manila, Singapore and the Malabar coast if specified amounts of freight are awaiting shipment,

but no steamer can be compelled to load at more than a total of six of these ports unless the steamer finds difficulty in obtaining the required cargo without delay to herself and the steamers following her. Each boat (sec. 14) must reserve a minimum of one-eighth of her capacity for Singapore and/or Penang until the Singapore agent shall have advised the Hongkong agents that less space is required. Lastly, section 19 of the Westward Agreement stipulates that "except with the consent of all the parties in Hongkong, no steamer shall carry more than a total of 6,000 tons, weight or measurement, from Japan, China and Hongkong.

Regulation of commissions and the transmission of communications.—Rebates of every description to agents, shippers or contractors, such as private rebates, illegitimate brokerages, or refunds of commissions, are prohibited in both the Eastward and Westward Agreements. Freight brokerages are definitely limited to certain percentages unless all agents mutually agree to the contrary. According to the Westward Agreement, it appears that agents at the various eastern ports act under instructions from the Hongkong agents; and that the agents at these ports are instructed to "work together with the representatives of each of the parties to this agreement in carrying it out, for which purpose a copy is to be sent them for their private information." For the purpose of avoiding unnecessary expense and delay, the Eastward Agreement provides that the signatories shall nominate one of the firms of agents in New York to act for the time being as the mouthpiece of the Associated Agents; and likewise one of their own number to act in a similar capacity in England. All cabled inquiries and replies thereto, pertaining to matters of policy, important contracts, etc., shall be communicated to the several parties through this channel. It is understood, however, that this arrangement in no way interferes with the right of the various signatories to the agreement to communicate with their own agents as they may see fit.

The control of rates.—Rates of freight from America to the Far East are controlled by the agents in New York, who "before naming or altering a rate for any commodity shall first confer and agree amongst themselves as to the rates to be named and/or the reduction to be made." (Article 2 of the Eastward Agreement.) The several lines have a tariff to all points in the Far East, which expressly

declares that it is the intention that all classes of merchandise pay the rates specified. (For a copy of tariff see vol. 1, p. 331.) All changes in this tariff must be by unanimous agreement of the agents meeting in the New York Conference (vol. 1, p. 331), it being recognized by the owners of the lines in England that the New York agents are more likely to be in touch with the views of merchants and shippers than the owners abroad. (Report of the U. S. & C. J. S. S. Co. to the Committee.)

All the lines in the Conference have agreed to quote the same rates to all shippers. None of the contracts with shippers, most of which are joint contracts, it was testified (vol. 1, p. 390) give special rates or rebates to some shippers which are denied to others. Although the contract rates are generally less than those specified in the regular tariff, the lines pursue a policy of giving the small shipper the same contract rates as the large shippers, and are willing at all times to contract with all shippers on the same terms. (Vol. 1, pp. 390 and 391.)

Westbound rates are arranged by the owners in consultation with their agents at eastern ports, who are in almost all cases themselves the principal merchants at the various ports of call. From all ports east of Singapore, rates to the Atlantic Coast of the United States "shall be controlled and determined by the agents in Hongkong, who shall all work together for this purpose; agents at all other ports to be expressly prohibited from making a rate on any commodity or reducing any existing rate without the sanction of the Hongkong agents in each case." (Article 1 of Westward Agreement.) All reductions from the established rates must be unanimously agreed to by the representatives of the signatories stationed in Hongkong, except in the event of a nonconference steamer quoting a lower rate at any of the ports, when the joint agents at that port may allow the competing conference steamer to accept whatever rate the nonconference steamer may quote, subject however, if possible, to prior consultation with the Hongkong Conference. (Articles 2 and 3.) Similarly, the rates from Singapore and Penang shall be fixed and altered in conference by the agents of the signatories stationed at Singapore in the same manner as described in connection with the Hongkong Conference. Section 18 of the agreement stipulates that in fixing rates the agents in Hongkong and Singapore shall do so on the basis of a reasonable profit to the owners, without making them so high as

to attract competition or impede traffic. It should be added that the conference lines do not publish a joint tariff from Japan, China, Hongkong and Singapore. Instead, each line issues its own individual tariff, these tariffs, however, agreeing in all particulars.

Methods of meeting and restricting competition—Deferred rebates.—No agreements have been called to the attention of the Committee which so frankly disclose their purpose as the several agreements now under consideration. The Eastward Agreement states that "the fundamental condition of this agreement is to be close cooperation, and in order to secure this result the rates of freight from America to the East shall be controlled and mutually determined by the agents in New York"; and that "Competition between the lines is to be avoided and the closest possible cooperation is to be aimed at." The Westward Agreement stipulates in its preamble that "it is desirable to prevent competition for the same cargo among the representatives in the Far East and the signatories hereto"; and that (sec. 23) "in order to preserve harmonious relations with one another and to avoid friction, the signatories bind themselves and their representative supporters during the currency of this agreement to abstain from attacking, or competing for, any trade in which any other of the signatories may at present be engaged." Similarly, the pooling agreement states in its preamble that "in order to consolidate the position of the associated lines and to provide a method of meeting outside opposition that may be effective and at the same time fair and equitable to all concerned, it is hereby agreed that the net freights earned by all the steamers loaded from the Atlantic ports of the United States to the Far East, and vice versa, in accordance with the terms of the Eastward and Westward Agreements, shall be pooled." This avowed purpose of pooling would tend to show that, while obvious benefits are undoubtedly derived from the existence of a joint service of many lines, the combined power of the united lines might lend itself to the elimination of an outside competitor from the trade. By distributing the losses of a rate war over all the parties of the pool, each constituent member thereof would suffer proportionately much less than the outside competitor who is trying to fight his way into the trade single handed.

In addition to pooling, however, a deferred rebate system exists in the westbound trade (no deferred rebates exist in the trade east-bound) from all the ports of the Far East to the United States,

the Suez. Each of the conference lines uses its own individual tariff, and provision is made in each for a deferred rebate allowance of 10 per cent on all rates with the exception of those marked "net." An examination of the tariff shows, however, that net rates apply to only three articles, namely, private effects, shells and bean cake. According to the deferred rebate notice issued by the American-Asiatic Steamship Co., under date of May 1, 1912 (vol. 3, p. 173), claims for rebates until further notice will not be invalidated because of shipments made by the steamers of the Hamburg-American and Indra Lines (United States & China-Japan Steamship Co.), Dodwell & Co., Anglo-American Oil Co., American & Manchurian Line, and the American & Oriental Line.

It is interesting to note the reasons which induced the lines to establish a deferred rebate system in the westward trade. In answer to the Committee's inquiry as to the existence of "any agreement for the purpose of granting deferred rebates or other privileges or advantages," the Management of the United States & China-Japan Steamship Co. explains that: "We find it difficult to answer this question, as from the wording it appears to be assumed that deferred rebates in some way confer special advantages on certain privileged firms. The system of deferred rebates in our opinion can not be considered as a privilege in the sense of your question, as all merchants receive the same return in proportion to their support, and moreover, they are all aware that all other merchants in the trade receive a similar return. The system of deferred rebates was instituted in order to insure uniformity and stability of rates and an efficient service, which are admittedly of great advantage to all merchants, and can only be obtained by the exclusion of the casual outside owner who is not permanently interested in the trade." Judging from the wording of the Westward Agreement itself, it is apparent that the signatories regarded a deferred rebate system, deferring payment until usually six months following the period to which the rebate applies, as a means of effectively tying the merchants (by placing them in a position of continual dependence) to the conference lines. Special reference is had to Articles 20 and 21 of the agreement, which provide that "in order to preserve the trade as far as possible for those recently and now supplying it with tonnage, it is considered necessary that shippers should be bound to them by a system of deferred rebates, made payable to the shippers in the Far East so as to avoid raising the

question of the legality in the United States of such an arrangement, and it is intended to take steps at once to formulate a plan for carrying out this idea. It is evident that this arrangement can not be completed without extending the system of cooperation and of rebates to the Straits Settlements and the Malabar coast, and the intention is to give effect to this point."

The settlement of disputes and assessment of penalties.—Should disputes arise under the agreements, they must be left to the decision of the signatories, the voting power of each party being pro rata to its share in the business. In case of objection to the decision by any party, the matter must be referred to the decision of two arbitrators, who must be commercial men in London, New York, or Hongkong, whichever place the majority of the signatories may decide is best suited for the purpose. Each side to the dispute appoints one arbitrator, the two arbitrators being empowered to appoint an umpire, whose decision shall be final as between all the parties to the agreement.

According to the Westward Agreement, any breach of its conditions by one or more of the signatories shall render each offender liable to a penalty of £1,000, or a forfeiture of all profit made by the breach, whichever amounts to the most money. This penalty or forfeiture is divided among the other signatories pro rata, according to their interests in the business. Where, however, the breach was not willful or was without knowledge on the part of the offender, only the gross profit resulting from the breach is declared to be forfeited and divided.

Pooling Agreement between the owners of steamers operating under the terms of the Eastward and Westward Agreements.—The owners of the steamers agreed to prepare a statement, as soon as possible after the termination of each steamer's voyage, either eastward or westward, showing all the necessary pooling particulars as per a prescribed form. These statements, together with all supporting vouchers, copies of manifests, certificates of cargo space and dead weight capacity, and time statements as to arrivals and departures, are forwarded to Mr. T. B. Royden of Liverpool, Secretary of the Conference, who prepares at the end of each year two general pooling accounts, one for all the eastward voyages and the other for all the westward voyages during the year.

The manner of computing the results of each of these pools is explained at great length in the agreement, and many of the details it is unnecessary to refer to. Suffice it to say that in each instance the owners of the steamers are debited with all net freight received in the voyages, and the respective pooling accounts are credited with the same. "Net freight," as above referred to, is ascertained by deducting from the gross freight received, (1) all the steamers' port charges and numerous other enumerated charges, dues and fees; (2) all loading and discharging expenses; and (3) all loading commissions, brokerages, rebates, transshipments, storages, etc. The pooling accounts are then to be debited, and the owners of the several steamers credited, with the "initial hire" and "coaling allowance," the manner of ascertaining these two items being set forth in the agreement at great length for each of the pools separately (pp. 40-42 of the Government's petition). The agreement then goes on to provide (sec. 4) that:

The balances of the said Pooling Accounts, after crediting them and debiting them with the amounts as aforesaid, shall be ascertained, and the rate per cent which such balances bear to the total of the Initial Hire credited to the Owners of all the steamers included in the Respective Pools shall be calculated. The Owners of each steamer are to be then credited with an amount the equivalent of the rate per cent so ascertained upon the amount of the initial hire of each of such owners' steamers included in each Pool—as for instance, should the balance remaining be equal to 10 per cent on the total Initial Hire paid for all the steamers in either Pool, the Owners of each steamer will be credited with an additional 10 per cent upon the Initial Hire money of their steamer. Those Owners who are then found to be indebted to the Pool shall forthwith pay the amount of such indebtedness to the Pool Managers, and the Managers upon receipt of same shall pay to the Owners who have a balance in their favor the amount of such balances.

The aforementioned pooling agreement is administered in England because the owners are located there. By this arrangement they are enabled to divide the results of the business in accordance with the division agreed upon, i. e., the arrangement practically means that the several owners manage or control all the steamers in the trade as one company through pool managers, who represent all the interests, receive all the reports of the several owners, compute the accounts, and eventually collect from, or pay to, the several owners the sums which they may be found to owe to, or be entitled to receive from, the pool. (Vol. 1 p. 328.) From time to time since

this pooling agreement was completed in London on April 13, 1905, its terms have been slightly modified, but such modifications, the Committee is advised, relate only to details and not to any alterations of the general plan outlined in the original contract.

Steamship Conferences; Eastbound and Westbound, in the Trade Between the Atlantic Seaboard and the Far East, via the Suez.

For the purpose of administering the provisions of the Eastward, Westward and Pooling Agreements, the signatories thereto maintain at least four Conferences, viz: The New York Conference, the Hongkong and Singapore Conferences, and the London Conference. Each of these conferences, as has already been indicated in the description of the agreements, has its own functions to perform. Thus, the agents of the lines meeting in the New York Conference have complete control over the making of eastbound rates and tariffs. They meet regularly every Tuesday at the different offices of the agents, the place of meeting changing every three months. At these meetings the agents discuss the position of the vessels; the amount of cargo already booked or still required; the necessity of delaying sailings or of asking for additional tonnage, for the efficient and satisfactory operation of the service; the question of changing rates in the fixed tariff for various reasons, such as meeting competition via Europe, or via the overland and trans-Pacific route; and the means necessary to facilitate the sale of large quantities of freight which can not be sold under existing tariff rates, and which will move in competition with Europe if existing rates are sufficiently reduced. The agents in this conference also bring together all the contracts which the lines have made with shippers, with a view to adjusting the available tonnage to the amount of freight offered, in the most prompt and economical manner.

The representatives of the signatories, meeting regularly in the Hongkong and Singapore Conferences, perform the same functions for the westward voyage that the New York Conference exercises in the eastward voyage. Although the Committee has been advised that the agents of the associated lines meet in various conferences at other leading ports, the Hongkong Conference has been given complete control, by the Westward Agreement, over westbound rates from all points east of Singapore; and the agents of all other ports are

expressly prohibited from making or altering any rate without the sanction of the Hongkong Conference. Similar rate making powers have been delegated to the agents meeting in the Singapore Conference as regards westbound trade from Singapore and Penang. The loading and movement of vessels from the two groups of ports just mentioned are likewise under the control respectively of these two conferences.

The London Conference, as distinguished from the other conferences attended by agents, is composed of the owners of the several steamship interests operating under the three agreements, and from the standpoint of general control exercises a supervisory power over the functions of the other conferences. While the rate making function has been delegated to the agents because they are most familiar with the immediate requirements of the trade, the London Conference controls the schedule of sailings to be adhered to by each of the lines, i. e., the dates upon which each line is permitted to start a sailing either eastward or westward. This conference of owners also has complete control over the pooling arrangement already described, and all necessary pooling data must be sent to its pool managers in Liverpool.

Agreements in the Trade with India.

Understanding Between the Direct Lines Operating To and From New York.

Only two direct lines operate in the trade between the Eastern coast of the United States and India, namely, the Hansa Line, of Bremen, and the Bucknall Steamship Lines, Ltd., of London (vol. 1, pp. 333-334). These two interests operate a joint service, both eastbound and westbound, under the trade name of the American & Indian Line. The American & Indian Line's report to the Committee, under date of April 12, 1913, explains that the joint service has been operated under the conditions of an agreement between the two interests made in 1901, but which lapsed in 1908, since which time the cooperation of the lines has been based on a friendly but informal understanding.

According to this understanding the tonnage in the westward service must be provided in equal proportions by the two companies. The earnings of the steamers westward are pooled, and are equally divided, after allowance has been made for certain out payments. In 1909 this arrangement was modified by an agreement with Messrs.

Andrew Weir & Co., whereby this interest could share in the trade westward to the extent of six sailings per annum.

In the outward service the Bucknall Steamship Lines (Ltd.) and the Hansa Line, which conduct the entire service, furnish the tonnage in the respective proportions of 25 per cent and 75 per cent. The object of the lines is to provide all the tonnage necessary for the trade, and there is no regulation or limitation regarding the time or number of sailings. Tonnage for the homeward service is furnished by the two lines in the respective proportions of 50 per cent each, after providing for six sailings per annum by Andrew Weir & Co. Freight rates on the outward service are fixed and changed by the agents in New York, and as far as possible, are claimed to be uniform for all shippers. In the homeward voyage, rates are fixed and changed by the Indian agents in consultation with the London principals, are uniform for all shippers, and are subject to a deferred rebate allowance of 10 per cent. No deferred rebate system, however, exists in the outward trade.

Mr. Paul Gottheil testified (vol. 1, p. 337) that the rates of the two lines must be constantly modified because of the large indirect competition via Europe. In fact, when the service was first established practically all the traffic between the United States and India was dependent on indirect shipments, and the rates were almost prohibitive because joint rates had to be made by adding to the European rate the trans-Atlantic rate from port of shipment to port of transshipment. To start the direct trade it was necessary to secure for each steamer, or at regular intervals, a specified amount of contract freight. Such contract freight was furnished by the Standard Oil Co. in the form of large quantities of case oil. As Mr. Gottheil testified, the greater part of the cargo at the beginning consisted of Standard Oil products, which the steamship line was allowed to take either as a maximum or minimum cargo, and in this way the service was enabled to build up a direct trade, especially because the lines had adopted the policy of charging American exporters the rates current from Europe, thus placing them on a parity with English and German exporters who up to that time had controlled the trade. (Vol. 1, p. 337.)

The Standard Oil Co., Mr. Gottheil testified, is still the line's greatest customer to the East Indies, and their discontinuance as a

shipper of case oil would compel the lines to abandon the service. To meet the requirements of the Standard Oil Co. for the delivery of its oil products the lines must extend the service to numerous ports of India,¹ and the large volume of this company's freight enables the lines to carry all other exports from the United States to India on the basis of the rates charged from Europe to the same markets. (Vol. 1, p. 338.) The witness further stated that there is no working agreement or conference relation between this direct service and the representatives of the lines engaged in the indirect trade via Europe. Instead, the rates can not always be maintained even on a parity because—

The position of the direct service, by reason of the many ports of call that have to be made, is a difficult one. The principal ports of India, where most of the cargo is shipped to, are of course Bombay and Calcutta. And as you will see from the number of ports that we go to before we reach either one of these important places, we are a long time on the route, and we can not always make the delivery that is desired, and certain classes of goods we can not get at all, and in other classes of goods in order to get the same we must make concessions. * * * If you can afford to pay a very high rate of freight which will enable you to send the cargo by the very fast ship across the Atlantic and again by the very fast ship from Europe to India, if you can afford to pay that freight, it certainly beats us. (Vol. 1, p. 339.)

Indirect Traffic Between the United States and India via Europe.

As already stated, much of the trade between the United States and India moves indirectly via Europe, especially where quick and efficient transportation is required. Judging from the reports received by the Committee from the American Consular representatives stationed at the leading ports of India, the European lines engaged in this indirect trade have, in nearly all instances, entered into agreements with each other for the maintenance of rates and regulation of competition. In this connection it should be recalled that the relations between the trans-Atlantic lines connecting at European transshipment ports with the lines operating to and from India have already been explained in the section dealing with freight agree-

¹ In its report to the Committee the American & Indian Line explains its service as extending from New York to Port Said, Aden, Karachi, Bombay, Colombo, Madras, Calcutta, Rangoon, and occasionally, according to the requirements of shippers, to other Red Sea, Indian and Burmese ports.

ments in the American-European trade. The special consular reports received by the Committee may be briefly summarized as follows:

(1) *Karachi Trade*.—Mr. Stuart K. Lupton, American Consul at this port, advised the Committee that the Hansa Line (one of the two services operating under the name of the American and Indian Line) is the only company running direct boats from the United States to Karachi. He also reports that nearly all the shipments to the United States from this port go by the City and Hall lines to Liverpool, or by the Wilson Line to Hull, and are there transshipped. These English lines were reported by the British Royal Commission on Shipping Rings to be members of the Karachi Outward Conference, governing the trade from the United Kingdom and Continental Europe to Karachi. (Vol. 2 of the Commission's report, p. 7.)

(2) *Bombay Trade*.—According to the report of Mr. Edward J. Norton, American Consul at Bombay, a large number of lines are engaged in the indirect trade between the United States and Bombay, receiving or delivering cargo at transshipment ports such as London, Liverpool, Marseille, Genoa and Trieste.¹ Practically all of these lines are members of the several "Outward" and "Homeward" Conferences governing the traffic between European and Indian ports. (See report of the British Royal Commission on Shipping Rings, vol. 2, pp. 5-8.) Mr. Norton reports that "As far as competitive rates are to be considered current quotations to the United States are not placed at a figure likely to check or hinder the movement of commodities. As a matter of fact there is no difference in the measured cargo rates between the consignments destined direct and those transshipped at London for New York or consignments from Bombay to the port of London. Measured cargo on prevailing freight rates to Venice or Trieste is only 1s. 6d. per ton cheaper than to New York."

The Bombay-American Line, with monthly sailings, is the only direct line taking cargo from Bombay to New York, Boston, Philadelphia or Baltimore. According to the Hansa Line's report to the Committee this line, as in the case of the American & Indian Line,

¹ In his report Mr. Norton enumerates the following lines as engaged in this indirect trade: The Peninsular & Oriental Steam Navigation Co., Hall, City and Anchor Lines, Compagnie des Messageries Maritimes, Austrian Lloyd, Nippon Yusen Kaisha and Toyo Kisen Kaisha.

represents a joint service of the Hansa Line, Bucknall Steamship Lines, Ltd., and Andrew Weir & Co.

(3) *Madras Trade*.—Aside from the direct traffic of the American & Indian Line, a large portion of the trade westbound is carried by the Pacific & Oriental Steam Navigation Co., British India Steam Navigation Co. and the Clan, Hall and City Lines, with transshipment at English ports. These lines are all members of the Madras Homeward and Madras Outward Conferences, and according to the report of the British Royal Commission on Shipping Rings (vol. 2, p. 7), the Madras Homeward Conference relates to “the trade from Madras and Pondicherry to the United Kingdom, the United States and Marseille.”

The freight rates fixed by the Madras Outward Conference are published in two tariffs, dealing respectively with rates of freight on “general cargo” and “choice cargo,” homeward from Madras “by conference steamers.” (Vol. 3, p. 163.) Mr. José de Olivares, Consul at Madras, reports that the lines constituting this conference also grant a deferred rebate of 10 per cent to local shippers every six months, in consideration of their exclusive patronage, and that rebates covering three months are held in reserve. (Vol. 3, p. 161.)

(4) *Rangoon Trade*.—Shipments in the westbound trade are mostly made on through bills of lading by the Bibby and Henderson Lines for transshipment at Liverpool, and by the Hansa Line for transshipment at Bremen. These three lines are reported to have entered into a pooling arrangement in 1906 (vol. 3, p. 155) and to have arranged for the payment of a deferred rebate of 10 per cent on merchandise consigned to Continental Europe, the United Kingdom and the United States (whether direct or by transshipment), six months’ rebates being kept in reserve. The rebate circular furnished to the Committee (published in vol. 3, p. 157) does not specifically state that rebates are granted to shipments consigned to America, but Mr. Maxwell K. Moorhead, Consul at Rangoon, informed the Committee that the local agents of the lines advised him that the rebates do apply to shipments consigned to Eastern ports of the United States (vol. 3, p. 155). The rebate circular also declares that “shipments by steamers of the British Indian Steam Navigation Co. and the Asiatic Steam Navigation Co. will not invalidate the claims for the above rebate, provided they charge tariff rates.”

Steamship Agreement in the American-Java Trade.

The direct service to Java is conducted under a joint arrangement between the Hansa Line and the German-Australian Steamship Co. Both lines have Funch, Edye & Co. as their agents in New York, and, according to the Hansa Line's report to the Committee, the joint service of the two lines to the Dutch East Indies was established to give American shippers an opportunity to ship by direct steamers, whereas previously all American cargo had to be shipped via Holland. The tonnage is supplied as follows by the two lines: first, six steamers per annum are furnished by the Hansa Line; then the German-Australian Line supplies 6, should more than 6 and up to 12 steamers be required; and in case more than 12 steamers are necessary for the accommodation of the trade, the excess is to be supplied by both companies in turn. It appears that the Hansa Line was first engaged in this direct trade and that the arrangement with the German-Australian Line was effected because of the latter line's European service to Java and the fear that unless an agreement was reached trouble was bound to ensue. (Vol. 1, p. 340.)

American export traffic from the Atlantic Coast to Java directly, like the direct trade to India, has only had a recent origin, practically all the trade to Java, prior to the inauguration of this service, having been controlled by Dutch firms. Mr. Gottheil testified (vol. 1, p. 340) that "with the exception of pipes for oil wells for Sumatra and Borneo, there really is very little traffic from this country to Java and it had nearly always gone via Rotterdam. The business, therefore, was only possible and could never have been entered into except, again, for a contract with the Standard Oil Co. to furnish a certain quantity of case oil—practically a whole cargo—with some latitude as to minimum and maximum, so as to enable us to work up a general cargo trade, and I will candidly confess that it has been a very disappointing business."

At present the two lines, representing the joint service, have a large contract with the Standard Oil Co., as well as agreements with the Oil Wells Supply Co. and the United States Steel Corporation. Owing to the fact, however, that the freight carried for these corporations is competitive business with the tramp tonnage, the witness asked to be excused from revealing the rates charged under these contracts. (Vol. 1, p. 341.)

Agreements Among the Trans-Pacific Lines.

Enumeration of the regular lines and the conferences to which they are parties.—The important trans-Pacific lines maintaining a more or less regular service between the American Pacific Coast and the Far East are the following:

Line.	Nationality.
Great Northern Steamship Co.....	American.
Pacific Mail Steamship Co.....	Do.
Nippon Yusen Kaisha.....	Japanese.
Toyo Kisen Kaisha, North American Line.....	Do.
Osaka Shosen Kaisha.....	Do.
Canadian Pacific Ry. Co.'s Royal Mail Steamship Co.....	British.
The Bank Line.....	Do.
Blue Funnel Line (composed of China Mutual Steam Navigation Co. and Ocean Steamship Co.)	Do.
Dollar Steamship Co.....	Do.

In the eastbound trade all of the above lines, with the exception of the Dollar Steamship Co. and the "Blue Funnel Line" (which is reported to have seceded only recently), are members of the Hong-kong-China and Japan Branches of the Trans-Pacific Tariff Bureau. In the westbound traffic all of the lines operating from northern Pacific Coast ports are parties to the Trans-Pacific Tariff Bureau; whereas the Pacific Mail Steamship Co. and the Toyo Kisen Kaisha, which, with the exception of the Dollar Steamship Co., are the only lines of the above list to operate from San Francisco (and which do not call at northern Pacific Coast ports), have entered into an agreement with each other.

The Dollar Steamship Line is apparently an independent company, which although asked to enter the conference, declined to do so. (Report and Hearings of the Select Committee under H. Res. 543, H. Rept. 2297, 61st Cong., 3d sess., p. 554.). Capt. Robert Dollar's testimony before this Select Committee (pp. 554, 555) shows however, that this company's steamers do not operate on regular schedule, and that the line is chiefly a private carrier. He testified that his boats are only "very small competitors" with the other regular lines, and that he manages to keep his service occupied—by buying products and shipping for ourselves. Our entire cargoes from the American coast outward we buy ourselves. They are our own cargoes. And

coming home we have been crowded into engaging merchandise, which we did not want to do. In order to provide cargoes we have been obliged to accept iron and oak and other commodities which we have been forced to buy. Otherwise we could not have secured trade for our ships.

He further testified that the combination of other lines still permits his company's vessels to engage in the Chinese trade, but that in the Japanese trade his company has been entirely crowded out (Report under H. Res. 543, pp. 554 and 564) except where the cargoes are actually purchased. The elimination of his line Capt. Dollar attributed to the combination's use of the deferred rebate system in the eastbound Japanese trade, whereby shippers are promised a rebate if all their shipments are confined to the steamers of the combination lines, the same to be forfeited if any shipment is made by the boats of the Dollar Steamship Co., or any other nonconference steamer. This practice, according to the witness, means that "we were prohibited from doing business because the people wanted a regular service, and knew that they would get this rebate at the end of the year. The effect of it was that I have completely gone out of the Japanese trade. We are not in the trade except where we buy cargoes ourselves, which we are doing."

Nature and purpose of the conferences in the eastbound trade.—As already indicated the eastbound traffic of all the regular lines is governed by two conferences, one (with headquarters in Hongkong) consisting of the Hongkong and China agents of the lines and called the "Trans-Pacific Tariff Bureau (Hongkong and China Branch)"; and the other (with headquarters in Yokohama) consisting of the Japanese agents of the lines and called the "Trans-Pacific Tariff Bureau (Japan Branch)." These two conferences have jurisdiction respectively over all Chinese and Japanese ports and do not overlap each other. (Vol. 2, p. 889.) The Committee's information is also to the effect that there is no relation by way of any agreement between the Trans-Pacific Tariff Bureau in the eastbound trade and the similarly named Bureau in the westbound traffic, although the same lines, with the exception of the two San Francisco lines, are parties to both. The officers of several of the lines have reported to the Committee under oath that westbound freight is not affected in any way by the eastbound agreements. Moreover, the Trans-Pacific and Suez-Atlantic Conferences are separate and distinct. (Vol. 3, p. 184.)

According to the replies of the Pacific Mail Steamship Co.'s Freight Traffic Manager to the Committee's Schedule of Inquiries, the agents of the various lines parties to the two Branches of the Trans-Pacific Tariff Bureau meet at regular intervals and discuss the conditions of the trade as they arise from time to time, especially as they are affected by the competition of tramp vessels, and "decide on the policy to be pursued by all the lines named with reference to the maintenance of stable rates of freight and to prevent demoralization." He regarded as the most essential feature of the Bureau, the deferred rebate system adopted by the lines in the Japanese trade, whereby shippers who send their freight exclusively by the regular lines belonging to the conference will be accorded the reduced rates of freight as shown by the deferred rebate agreement adopted by the lines.

Again, Mr. Schwerin testified that the trans-Pacific lines are in competition with the Suez lines as regards large quantities of freight consigned to the interior of the United States. As regards this competitive traffic, the trans-Pacific lines, organized in conference:

are watching the Suez rates all the time and conferring together to keep the business from all moving via the Suez to the United States—that is, they work together to make the rates flexible, so as to hold a certain portion of that business to the trans-Pacific lines and the trans-Continental railroads. That same thing follows in Japan; they are in competition with the all-water route through the Suez to New York and for distribution into the United States, and they are working together against the other conference crowd to swing the business across the Pacific and through the Pacific Coast gateways into the interior cities of the United States. (Vol. 2, p. 889.)

It remains to be stated that the Managers of the Bank and Blue Funnel Lines have reported to the Committee that the trans-Pacific lines are not parties to any pooling arrangement, and that the Trans-Pacific Tariff Bureau involves no agreement among the parties thereto for the division of traffic, territorial division of routes, discontinuance of any service between designated ports by any of the lines, or the regulation of the time and number of sailings.

The Trans-Pacific Tariff Bureau (Japan Branch).—This branch of the Bureau issues two tariffs, viz, a local port-to-port tariff and a tariff of eastbound proportional rates, both being issued by Mr. M. Fitz-Gerald as agent respectively for the "Trans-Pacific Tariff Bureau" and the "Trans-Pacific Overland Tariff Bureau." The various lines, upon request, furnished the latest copies of these

two tariffs (both issued February 1, 1912), viz, "Freight Tariff No. 2, specifying minimum rates of freight from Japanese ports (Nagasaki, Moji, Kobe, Yokkaichi, Shimidzu and Yokohama) to Victoria, Vancouver, Seattle, Tacoma, Portland and San Francisco, by the following undersigned lines: The Bank Line, Canadian Pacific Railway Co.'s Royal Mail Steamship Lines, China Mutual Steam Navigation Co., Great Northern Steamship Co., Nippon Yusen Kaisha, Ocean Steamship Co., Osaka Shosen Kaisha, Pacific Mail Steamship Co. and Toyo Kisen Kaisha" (vol. 3, p. 195); and "Tariff No. 4," naming eastbound proportional rates from all the aforementioned ports of call in Japan to the aforementioned points in the United States and Canada.

As already stated the essential feature of the Japan Branch of the Bureau is the deferred rebate system adopted by the lines. Both tariffs referred to above make provision for the payment of such rebates. Freight Tariff No. 2, applying only to the port-to-port traffic, specifies that "With the exception of raw silk, silk goods, cement, lumber, and timber, the rates are subject to a deferred rebate of \$1 gold per ton, weight or measurement. Cement is subject to a deferred rebate of 10 cents gold per cask, and lumber and timber are subject to a deferred rebate of \$1 gold per 1,000 feet b. m." (Vol. 3, p. 194.) Tariff No. 4, on the other hand, provides that: "In the tariff of eastbound proportional rates a deferred rebate of 20 per cent off the ocean proportion of the through rate is granted on all rates with the exception of those on raw silk, silk goods and crude camphor." (Vol. 3, p. 195.)

Several of the lines furnished the Committee copies of their last deferred rebate agreement (all copies were dated February 25, 1911), and as illustrative of the nature of the agreement adopted the copy submitted by the Pacific Mail Steamship Co. is herewith reproduced:

PACIFIC MAIL STEAMSHIP COMPANY.

DEAR SIRS: To those exporters from Japan Ports to Pacific Coast Ports of the United States and Canada, who, from the 15th February, 1911, to the 31st December, 1911, may have found it to their interest to confine their support and shipments to the Pacific Mail Steamship Co. we have decided to allow a rebate on the freight paid as per Bill of Lading, as follows:

On Pacific Coast Cargo:

All cargo (except Raw Silk, Silk Goods, Rice, Peanuts, and Cement), a rebate of \$1.00 gold per ton weight or measurement as per Bill of Lading.
Raw Silk, Net.

On Pacific Coast Cargo—Continued.

Silk Goods, Net.

Rice.

Peanuts.

Cement, a rebate of 10 cents per cask.

On Ocean Proportion of through rates to Overland Points:

All cargo (except Raw Silk and Silk Goods) a rebate of 20 per cent off the Ocean proportion of the through rate.

Raw Silk, Net.

Silk Goods, Net.

On the 1st July, 1911, to those exporters from Japan, who, from the 15th February, 1911, to the 30th June, 1911, may have found it to their interest to confine their support and shipments during that period to the Pacific Mail Steamship Co. we shall be glad to allow a return of fifty per cent of the above rebate on the freight paid as per Bill of Lading.

On the 2nd of January, 1912, to those exporters who, on the 31st December, 1911, may have found it to their interest to confine their support and shipments during the previous ten and a half months to the said Line, we will allow a further fifty per cent, of the above rebate, on freight contributed from the 15th February, 1911, to the 30th June, 1911, and fifty per cent of the above rebate on freight contributed during the six months from the 1st July, 1911, to the 31st December, 1911.

On the 1st July, 1912, to those exporters, who, on the 30th June, 1912, have found it to their interest to confine their support and shipments during the previous sixteen and a half months to the said Line, we will allow a further fifty per cent of the above rebate on freights contributed during the six months from the 1st July, 1911, to the 31st December, 1911, and fifty per cent on freights contributed during the six months from the 1st January, 1912, to the 30th June, 1912.

Until further notice future rebates will be payable Semi-Annually on the same terms and conditions as above set forth.

Until further notice, shipments made by the Toyo Kisen Kaisha, Portland & Asiatic S. S. Co., Canadian Pacific Railway Co.'s Royal Mail Steamship Line, Nippon, Yusen Kaisha, Great Northern S. S. Co., Ocean S. S. Co., Ltd., China Mutual S. N. Co., Ltd., The Bank Line, Ltd., and Osaka Shosen Kaisha, will not invalidate claims for the above.

No rebates will be payable to any exporter, shipper or consignee who has accepted concessions of any nature from any steamship Line other than the above agreed rebates.

Exporters applying for the rebate which will be payable in Yokohama and Kobe on and after the 1st of July, 1911, 2nd January, 1912, and 1st July, 1912, respectively, must fill up and sign forms in accordance with the above terms and conditions.

These forms can be obtained from the Agents of the Company.

Yours truly,

(Sgd)

B. C. HOWARD, *Agent, Yokohama.*

YOKOHAMA, *January 25th, 1911.*

(For a sample copy of the form referred to, which exporters applying for the rebate must fill and sign in accordance with the terms and conditions of the agreement, see the form used by the Osaka Shosen Kaisha, reproduced in vol. 3, p. 198.)

Trans-Pacific Tariff Bureau (Hongkong & China Branch).—This Branch of the Bureau differs from the Japan Branch in two important particulars. In the first place it issues only a joint tariff of “eastbound proportional commodity rates,” the lines having filed with the Committee the last issue of the so-called “Hongkong Tariff No. 4” (also dated Feb. 1, 1912) “naming eastbound proportional commodity rates from Hongking, Keelung and ports of call in China and the Philippines to overland common points named in Trans-Continental Freight Bureau’s Tariff S. R. 1010,” and applying by all of the nine lines which were named on the tariffs issued by the Japan Branch of the Bureau. (Vol. 3, p. 176.) Unlike the Japan Branch, the Hongkong & China Branch does not issue a port-to-port tariff. Mr. R. P. Schwerin testified (vol. 2, p. 889) that he did not believe that this Branch of the Bureau had “very much to do with the port-to-port rates,” and that it “has nothing whatever to do with our local Chinese business originating in Hongkong and destined to San Francisco, this traffic being entirely outside of their jurisdiction.” The rates considered in this conference seem to relate more particularly to such commodities as move in large volume and which are destined to interior points of the United States. This traffic, as pointed out by Mr. Schwerin, is in competition with the Suez lines, and it is in this connection that the trans-Pacific lines, as already explained, come together in conference for the purpose of watching the competitive situation with a view to diverting as much of that traffic to the associated water lines and transcontinental railroads as possible.

Secondly, the Hongkong & China Branch of the Bureau has made no arrangements in its tariff for the granting of deferred rebates to loyal shippers. Mr. George E. Anderson, Consul General at Hongkong, reports to the Committee (vol. 3, p. 170) that: “the Trans-Pacific Conference in Hongkong is held together as a matter of maintaining net rates without rebate,” and that at Hongkong shipments are made largely by Chinese firms, which can not be watched like

the exporters from Japan, who are registered and whose shipments can be traced. He states that:

Ordinarily a Chinese firm shipping to the west coast would make a shipment by any tramp steamer coming along and offering a better net rate than a conference ship, concealing the shipment under a false name or the name of some other firm and later claiming any rebate from the conference lines for shipments by conference steamers, notwithstanding the lapse from the requirement that all shipments from such firm should be made by conference steamers. In Hongkong there is no proper registration of firms and shippers, no customs or other declarations by which shipments can be traced, and it is generally considered impossible to employ the deferred rebate method of controlling shipments. (Vol. 3, p. 170.)

Mr. W. R. Dorsey, American Consular Representative at Shanghai, likewise reports that:

Across the Pacific, as far as I have been able to learn, no rebates are granted on freights, although such lines as the Pacific Mail, Canadian Pacific, Toyo Kisen Kaisha, and Nippon Yusen Kaisha maintain the same scale. When tramp steamers, such as those of the Dollar Steamship Co., are on the berth, all the above-mentioned lines reduce rates to meet those of the outsider, thus demonstrating the absence of deferred rebates, as in the case of the Suez conference. (Vol. 3, p. 177.)

Threatened disruption of the Trans-Pacific Tariff Bureau East-bound.—Not only have the associated lines found it impossible to pursue more than a protective policy against abnormally low rates brought about by outside competition, but even among themselves it has proven most difficult to secure an adherence to the conference rates. From numerous sources the Committee has been advised that some of the lines, particularly the Japanese lines, have displayed a disposition to cut rates in one way or another and that this action has threatened the dissolution of the conference. It is charged that the Japanese lines in particular have violated the spirit of the conference arrangement in the following ways:

(1) *By the secret cutting of rates.*—Mr. R. P. Schwerin testified (vol. 2, p. 891) that "Shipper after shipper has claimed that the Pacific Mail Steamship Co. ought to meet the conditions of the Japanese lines and give a return, which we declined to do. * * * I know the Japanese lines were not living up to their agreement because the movement of tonnage showed it." So common has been the practice of secret cutting of rates that it was recently proposed that each member of the Hongkong Conference

should deposit \$50,000 local currency, this sum to be the property of, and subject to the orders of, the conference, and to be forfeited in case of any infraction of the conference rules. Although such penalties have been adopted by the Atlantic-Suez and the Calcutta-Pacific Conferences at Hongkong, the Committee is advised that this plan has not yet been adopted by the Trans-Pacific Tariff Bureau. (Report of George E. Anderson, Consul General at Hongkong, vol. 3, p. 170.)

(2) *Through presents, etc., inducing shipping clerks of firms to send freight by their steamers.*—Owing to the heavy subsidies paid to the lines by the Japanese government, it is claimed, these inducements can be offered and still leave a profit, although the lines charge the same rates as the other conference lines. (Report of W. R. Dorsey, Vice Consul General at Shanghai, vol. 3, p. 178.)

(3) *By underweighing the freight.*—According to this practice the steamship company accepts the favored shippers' statements of weight on the bills of lading without regard to their correctness. This false billing of the freight is done with the knowledge of the lines. "During the tea season of 1911," as reported by Ambassador C. P. Bryan (vol. 3, p. 202)—

the abuse became so extensive—according to a leading local merchant—that the tea exporters complained to the conference. As a result the Yokohama manager of one of the conference lines privately advised a certain exporter to enter his own weights on the bills of lading and nothing would be said, as all of the lines allowed this practice. Following this complaint an official weigher was appointed by the conference lines, but it is still the practice to allow shippers to make out their own bills of lading. The weights given by the shippers are supposed to be checked with those ascertained by the official weigher, but as the checking is done by the steamship lines and not by the weigher, the opportunity for the "underweighing process" has not thereby been lessened.

Mr. R. P. Schwerin substantiated Ambassador Bryan's statement in the following testimony before the Committee (vol. 2, p. 894) :

We wanted to use an official measure on tea and forced that issue. We tried through shippers before the Interstate Commerce Commission to have the tea measured that came in by the Japanese lines but they would not take any action on the matter. They finally got behind the Japanese government and the Japanese government served notice that they did not deem it advisable to measure it. There has been so much skullduggery by the Japanese ship-

owners taking cargoes out of Japan without official measuring, that we wanted to put a measure on all business done with the United States. We have had it on some articles, but not on tea; they would not agree to it. * * *

Another way to get around the agreement is to take the shipper's weight and count, and measure it 25 per cent off. A man who ships a thousand tons of freight, gets a bill of lading calling for 800. * * *

But above all it must be remembered that the Japanese government does everything it possibly can to compel the Japanese to ship in Japanese bottoms. That is a fundamental principle over there, and not only for the cargo out of the country, but imports into the country. I know of a firm in Japan whose business we handled for 15 years, which for the sake of some money went over to the Japanese. I told that firm that the Japanese lines would put them out of business. They asked why. I said: "Why the government will have every manifest and the name of every shipper and client you have in the United States."

Owing, it is said, to the corrupt methods of competition practiced by the lines belonging to the conference and in which it did not care to participate in order to secure its proper share of the trade, the Blue Funnel Line seceded from the trans-Pacific Conference in May, 1912. (Vol. 3, p. 210.)¹ This secession of the line almost led to the dissolution of the conference, this outcome having been averted by the demands of the tea producers who insisted that the lines reunite in the protection of their mutual interests. The Blue Funnel Line, however, the Committee has been advised, "is not large enough to enable it to compete with the conference, and that its service is not sufficiently frequent to make it advisable or profitable for large shippers to relinquish their rights as parties to the conference by shipping by nonconference lines, even at lower rates." (Vol. 3, p. 210.) Immediately following the secession, the conference lines took action against the Blue Funnel Line. On May 15, 1912, the conference issued to shippers the following notice, (emphasizing again the significance of the deferred rebate system), regarding the Blue Funnel Line:

Notice is hereby given that from this date any shippers or exporters forwarding cargo of any description to Pacific coast ports or overland points in the United States and Canada by the Ocean Steamship Co. (Ltd.) and China Mutual Steam Navigation Co. (Ltd.) (Blue Funnel Line) will invalidate all

¹ The American management of the Blue Funnel informed the Committee by letter, under date of August 13, 1912, that Messrs. Waterfield and Swire, agents of the Blue Funnel Line in the Orient, advised them that the line withdrew from the Trans-Pacific Tariff Bureau in Japan. According to this letter, the reason given for the withdrawal was that "other members of the Bureau were not adhering to the tariff rates."

claim to participate in the deferred rebates payable by the undersigned. (Vol. 3, p. 210.)

Influence of Trans-Pacific Conferences on rates.—The general object of the conferences with reference to freight charges has apparently been to prevent ruinous competition rather than to maintain unduly high rates. The opinions of foreign firms, exporting from the Orient to the United States, seem in the main to approve the conferences as beneficial, in that they serve to bring about regularity in service and steadiness in rates, thus eliminating the hazards of speculation which result from fluctuating rates and irregular sailings. Generally speaking these firms also regard the rates of the lines as reasonable when judged by the increase in charter rates the world over. (Vol. 2, pp. 208–210.)

American exporting and importing firms, likewise, seem in the great majority of instances to regard the rates, both via the Pacific and via Suez, as reasonable considering the long haul, and as fair to American interests from the standpoint of competition with foreign markets. In fact, the Committee has received fewer complaints from shippers in the Oriental trade than from those engaged in any of the other leading foreign markets. Twenty-eight leading importing and exporting firms, representing both the trans-Pacific and Suez routes, replied to the Committee's circular letter of February 18, 1913. (For copy of letter, see vol. 2, p. 1398.) With the exception of only eight, these replies supported the contentions of the steamship line representatives, viz, that the tonnage is ample and the rates reasonable. Of the above-mentioned eight complaints, however, only three regard the rates unduly high, the most general criticism relating to the alleged inadequacy in tonnage facilities. Most of the above-mentioned firms voice the general conclusion that the organization of steamship interests into well-organized units for the conduct of the trade has produced much better results for exporters and importers than existed prior to the adoption of conference arrangements. Merchants, it is stated repeatedly, are not obliged to face conditions of absolute uncertainty as regards rates and shipping opportunities, and all are thus placed upon the same basis in their estimates on contracts.

The water rates between Hongkong and New York are much higher, comparatively, than those via the Pacific. Although the through rates from the Eastern portion of the United States via the

Pacific are higher than the rates via Suez, the water proportion of the trans-Pacific through rates is only about one-third to one-fourth of the whole rate. Trans-Pacific water rates are regarded as exceptionally low considering the long haul, and the testimony before the Committee seems to indicate that some of the lines, especially the Japanese companies, are constantly showing a disposition to break existing rates. Mr. R. P. Schwerin testified (vol. 2, p. 888) that the regular line rates from San Francisco, for example, are lower than those prevailing at present in the charter market. North Pacific Coast line representatives likewise reported to the Committee (August, 1912) that the rates in effect by the regular lines are much lower than are obtainable by extra or tramp steamers, and that tramp vessels can not afford, owing to the great demand for tonnage at present, to operate on the trans-Pacific route on the basis of the liners' rates. Most of the complaints, in fact, which the Committee has received from Pacific Coast importing and exporting firms relate to the disposition of the Japanese and certain other lines to underquote existing rates, thereby seriously disturbing the stability of rates, a factor which the shippers regard as of the utmost importance.

Trans Pacific Tariff Bureau (Westbound).—With reference to the movement of freight from Portland, Tacoma, Seattle, Victoria, Vancouver and New Westminster to Asiatic common points, seven lines (Canadian Pacific Railway Co.'s Steamship Lines, Nippon Yusen Kaisha, China Mutual Steam Navigation Co., Ocean Steamship Co., Bank Line and Osaka Shosen Kaisha) publish a common tariff from the above-mentioned Pacific ports to Yokohama, Kobe, Nagasaki, Moji, Shanghai, Hongkong, Manila and numerous other points. All of the lines which replied to the Committee's request for current rates westbound submitted the Trans-Pacific Tariff Bureau's Freight Tariff No. 10, effective June 1, 1912. This tariff, the title page of which contains the names of all the aforementioned lines, expressly states that "this tariff contains individual rates, rules, and regulations of each company respectively, and is subject to change by each company without the consent of any other company whose name appears hereon."

Messrs. Dodwell & Co., general agents of the China Mutual and Ocean Steamship Lines, both members of the Trans-Pacific Tariff Bureau (Westbound), informed the Committee that "no other agreement than the tariff exists," and that "the Bureau is not a corpora-

tion; has no articles of association; there are no officers, other than the joint agent who issues the tariff; and the publication of the tariff is handled through the agent in exactly the same manner as by the Transcontinental Freight Bureau." The same party further states under oath that the various north trans-Pacific lines engage a joint agent in Seattle to publish their freight rates, but that the companies have no written agreement relative to the tariffs issued by the Bureau; that there is no penalty for failure of any of the lines to abide by the tariff; and that the tariff is changed whenever an individual member considers it advantageous to do so.

The Bank Line representatives verify this information in their answers to the Committee's Schedule of Inquiries. They state that their line "employs, in conjunction with the regular trans-Pacific lines, an agent in Seattle with a view to publishing freight rates which are as nearly as possible uniform." Both answers include an admission that the associated lines generally observe the rates as published in the joint tariff. The Bank Line states that "each line is free to fix its own rates, but usually, not always, the rates between the different lines for the same service are uniform"; while the China Mutual & Ocean Steamship Lines assert that, "the published rates are usually uniform, but not necessarily so, and are published for the convenience of both the shippers and the owners of the steamers." The lines further assert that there are no deferred rebates, or special privileges of any nature granted to some shippers and denied to others on westbound freight.

Understanding between the Pacific Mail Steamship Co. and the Toyo Kisen Kaisha Westbound from San Francisco.—The membership of the Trans Pacific Tariff Bureau (Westbound) is confined to the north Pacific Coast lines and does not include the two regular lines operating from San Francisco to the Far East, viz., The Pacific Mail Steamship Co. and the Toyo Kisen Kaisha. As regards these two lines, the Toyo Kisen Kaisha submitted to the Committee a memorandum of the agreement (made in August, 1911) for the appointment of the Judson Freight Forwarding Co., at Chicago and New York, as joint agent for both companies for the collection and shipment of through cargoes to the Orient, via the Western Pacific Railway Co. to the point of transshipment on the Pacific Coast, and then via the first sailing of either of the steamship companies which may have a

ship with available space loading on the berth at the time of arrival at San Francisco, to the point of destination in the Orient. In order to obtain the best results under this arrangement, it was agreed that "a joint schedule of sailings shall be prepared for the year 1912 along lines similar to those which have been in effect during the past years, which shall provide for seven steamers for the Pacific Mail Steamship Co. and four steamers for the Toyo Kisen Kaisha; with the exception that the new schedule, when made up, may provide for five direct calls by the steamers of the Toyo Kisen Kaisha to the port of Manila." It is further agreed (1) that "cotton arriving over the lines of the Western Pacific Railway, Southern Pacific and Sante Fe is to be forwarded by the first sailing after arrival, and that the same privilege be extended to other freight moving, in addition to that already provided for under the Judson Forwarding Co.'s agreement, provided such steamer on the loading berth at the time has available space"; and (2) "that the same conditions that are now and have been in effect for the year 1911 governing passenger traffic, and as to the exchange and interchange, as well as lay-over privileges on all issues of first-class tickets by either of the steamship companies shall be continued up to and including December 31, 1912."

The events which led to the making of this arrangement are well explained in the testimony of Mr. R. P. Schwerin. (Vol. 2, p. 881 and following.) He testified that when the Interstate Commerce Commission ordered the railroads to publish their proportional rates, and the railroads serving San Francisco declined to do so, the freight of the Pacific Mail and the Toyo Kisen Kaisha to the Orient was entirely cut off. This refusal on the part of the railroads to publish proportional rates meant that the rail rates applying to the Pacific Coast were the local rates, because all rates not filed with the Interstate Commerce Commission became illegal. Prior to this requirement of the Interstate Commerce Commission there existed an agreed division of rates between the railroads and the water lines on outward business. The railroads received two-thirds of the total rate on business which they originated and that two-thirds was much less than the local rail rate to San Francisco. When, however, the railroads charged the local rates, it meant that the rail-and-water rates through San Francisco (the local rates plus the ocean rates) were at least twice as high as the all-water rates via the Suez. In this connection it should be stated that the bulk of the Oriental business

moving by rail via San Francisco originated in territory east of Chicago, i. e. in competition with the all-water route via Suez; and in this competitive trade the combination of the local rail rate plus the ocean rate made a prohibitory rate for the San Francisco lines as compared with the Eastern route.

Following the development of this situation, the Toyo Kisen Kaisha entered into a traffic agreement with the Western Pacific Railway Co., whereby the two companies agreed to give their business to each other exclusively, the water line evidently hoping to develop a trade in this way. In consequence of this agreement the Pacific Mail made arrangements with the Judson Freight Forwarding Co. in New York and Chicago to secure Oriental business at rates as low as \$2 per ton for the ocean proportion. Freight developed for the Pacific Mail as a result of this low rate. The Toyo Kisen Kaisha then proposed to either establish their own agency in the East as the Pacific Mail had done, because the railroads did not seem able to develop any business; or, like the Pacific Mail, to make the Judson Forwarding Co. their general agent and allow the freight, upon arrival in San Francisco, to go to any steamer of the two companies which might be on the berth. The latter plan proved agreeable to the Pacific Mail and is now in operation, as per the agreement already discussed. (Vol. 2, pp. 881-882.)

Rates charged by the Pacific Mail Steamship Co. and the Toyo Kisen Kaisha Westbound from San Francisco.—As regards the traffic from San Francisco to Asiatic ports, including the East Indian and Straits Settlements ports, both companies furnished printed tariffs to the Committee. While each company issues its own tariff, the rates of the two tariffs were identical, and also agreed in all respects with the rates enumerated in the Trans-Pacific Tariff Bureau's Freight Tariff No. 10, applying to the seven lines operating from north Pacific Coast ports.

Reference should, however, be made at this point to the testimony of Mr. R. P. Schwerin (vol. 2, p. 884 and following) that the published tariff rates of the lines operating from San Francisco to the Orient are frequently cut; that the tariffs are made by the lines independently and without consultation; and that for legal reasons his line strictly avoids anything that seems like an agreement on rates.

Agreements in the Japan-Hawaii and Japan-Philippine trade.—No steamship conference, according to the report of Ambassador

C. P. Bryan (vol. 3, p. 201), exists for the regulation of rates between Japan and Hawaii. The only two regular lines operating in this trade are the Pacific Mail Steamship Co. and the Toyo Kisen Kaisha. Although these lines are said not to have entered into any agreement with each other, they generally charge the same rates. These rates are reported to be considerably higher than those on cargo destined to the Pacific coast.

In the Japan-Philippine trade nearly all of the trans-Pacific lines, as well as a number of the Atlantic-Suez Conference lines, maintain services. (Enumerated on pp. 182 and 204 of vol. 3.) "As far as can be determined," reports Mr. Bryan, "freight rates between Japan and the Philippines are not subject to conference regulation, but there appears to be an unbinding agreement among the lines concerned to maintain uniform rates." (Vol. 3, p. 204.)

Passenger Agreement in the Trans-Pacific Trade.—The Committee is advised that in the westbound traffic of the northern Pacific Coast lines, the Trans-Pacific Tariff Bureau relates to passenger rates as well as to freight rates, and that when the lines faced a steorage rate war in 1910 the matter was presented to the Bureau. In answer to the Committee's Schedule of Inquiries the Management of the Pacific Mail Steamship Co. states that there is an understanding between it and the northern Pacific Coast lines as to a territorial division with respect to the Asiatic passenger traffic. Under this arrangement the Pacific Mail Steamship Co. agrees not to solicit any business from points north of the California and Oregon State line, and the Northern lines agree not to solicit any business south of that boundary. The Pacific Mail further states that, in connection with the foregoing arrangement, there is "a general understanding with the northern Pacific Coast lines that any important changes in passenger rates or regulations shall be a matter of consultation or advice to them."

The Calcutta-Pacific Conference.

The traffic from Calcutta to Hongkong for transshipment to the United States is governed by the so-called Calcutta-Pacific Conference. According to the approved memorandum of agreement for the year 1912 (this agreement is entered into annually), submitted to the Committee by the Pacific Mail Steamship Co., it appears that the agreement underlying this conference was entered into by the Bank Line, Canadian Pacific Railway Co.'s Steamship Line, China

Mutual Steam Navigation Co., Great Northern Steamship Co., Ocean Steamship Co., Nippon Yusen Kaisha, Osaka Shosen Kaisha, Toyo Kisen Kaisha and Pacific Mail Steamship Co. of the one part (known as the "Trans-Pacific Lines"), and the Indo-China Steam Navigation Co., Ltd., and the Apcar Line (known as the "Calcutta Lines") of the other part. Mr. R. P. Schwerin, Vice President and General Manager of the Pacific Mail Steamship Co. testified (vol. 2, p. 879) that there has been an understanding for 20 years in the trade from Calcutta to American Pacific coast points, and that "all the lines operating across the Pacific have worked under that agreement." It should be noted that this conference has the same secretary as the Trans-Pacific Tariff Bureau (Hongkong and China branch), namely, J. Oram Sheppard.

According to the above mentioned memorandum submitted to the Committee, the agreement governs the conveyance of all merchandise carried by the Calcutta lines from Calcutta to Hongkong for transshipment by the trans-Pacific lines to Vancouver, Victoria, Seattle, Tacoma, Portland, and San Francisco. The signatories agreed that from July 1, 1912 they will mutually adopt the scale of through rates for trans-Pacific cargo as settled by the yearly meetings of the conference at Hongkong. Any of the parties, however, may at any time summon a meeting of the conference for the purpose of considering a revision of the scale of rates. At these meetings each line is represented by one delegate, and the decisions of the conference must be unanimous. If any member of the conference is unable to bind his company to any of the decisions arrived at, owing to restrictions or difficulties placed upon his company by the government of the country having jurisdiction over such line, that member shall, according to the agreement, make representations to the government involved with a view to removing such restrictions, and in case of failure the conference shall take such steps as may be deemed advisable.

The freight received on merchandise coming within the scope of this agreement is distributed on the basis of one-third to the Calcutta lines and two-thirds to the trans-Pacific lines. Before the division is made, however, there shall be a deduction of 50 cents per ton to cover the expenses of transshipment, this sum to be paid to either the Calcutta line or the trans-Pacific line, whichever actually carries

out the transshipment. Section 6 of the agreement, it should be noted, provides that:

The transshipment lines undertake not to engage trans-Pacific cargo excepting for shipment at Calcutta by the Calcutta lines between Calcutta and Hongkong and not to ship transshipment cargo unless shipped to Hongkong by the Calcutta lines; and the Calcutta lines undertake not to accept trans-Pacific cargo excepting for shipment at Hongkong by the trans-Pacific lines; and it is further mutually agreed that trans-Pacific cargo shall only be transshipped at Hongkong, unless the conference shall agree to any other port being the port of transshipment in any particular case.

Numerous other provisions of the agreement refer to the deferred rebate plan adopted by the signatories. Such rebates on the through rates are granted to shippers who shall have observed the conditions of all the deferred rebate circulars issued at Calcutta by the conference, and are paid in the proportions of one-third thereof by the Calcutta line involved and two-thirds by the trans-Pacific line. These rebates are allowed on all shipments of gunnies and jute (excluding prison jute), provided the shipper has confined all of his shipments during specified periods to the steamers of the signatories. Payments of rebates are only made at Calcutta by the agents of the Calcutta lines. The following is given as an example of the amount of the rebates and the dates when the same become payable under the terms of the agreement:

On shipments of gunnies and jute from July 1, to December 31, 1912:

75 cents gold per ton of 40 cubic feet, payable June 30, 1913.

75 cents gold per ton of 40 cubic feet, payable December 31, 1913.

On shipments of gunnies and jute from January 1, to June 30, 1913:

75 cents gold per ton of 40 cubic feet, payable December 31, 1913.

75 cents gold per ton of 40 cubic feet, payable June 30, 1914.

In connection with the deferred rebate provisions of the agreement the conference adopted an approved contract covering transportation of merchandise from Calcutta to the Pacific coast, which is to be effected by the trans-Pacific lines involved and the consignee on the Pacific coast. According to this agreement the shipowner indicates that a deferred rebate shall be paid to the shipper of cargo imported by the importer from Calcutta to the Pacific coast in accordance with the deferred rebate circular last issued, a copy of which is annexed to the contract. On the other hand the importer agrees that:

“All shipments of ——— ordered by him from Calcutta, whether on his own account or account of any connection of his, shall be

carried exclusively by the ships of the shipowner so far as transportation from Hongkong to the Pacific coast and by the line working in concert with the shipowner (to be notified to the importer) so far as transportation from Calcutta to Hongkong is concerned, and not by the ships of any other party over any portion of the route."

Further provision is made by section 8 of the agreement that should any shipper violate the conditions entitling him to a deferred rebate by shipping trans-Pacific cargo over the whole or any portion of the route by any line not a party to this agreement, or which may have ceased to be a party, "it is agreed that such shipper shall not thereafter receive any rebate from any party to this agreement in respect to any trans-Pacific cargo exclusively shipped by him prior to such violation."

On the signing of the annual agreement, each of the parties thereto deposits for a period of one year in a recognized European bank in Hongkong the sum of \$50,000, Hongkong currency. Such deposit is made out in the name of the Calcutta Trans-Pacific Conference, and the conference is entitled to cash or withdraw such deposit on the signature of any six of the parties thereto. Any party withdrawing from the agreement in accordance with the provisions thereof shall, provided there has been no violation of the agreement, be entitled to receive back the deposit with accrued interest. If, however, in the opinion of the majority of the conference any party thereto has violated the conditions of the agreement, the \$50,000 deposited, together with accrued interest, may be forfeited on the resolution of the majority of the conference and may be dealt with and applied in such manner as the majority may determine. All the members of the conference have agreed to abide by the decision of any such majority of the members, regarding the forfeiture or application of the deposits and any decision rendered by such majority is declared to be conclusive and binding on the party concerned, and beyond any appeal by way of legal proceedings.

Agreements Between American Railways and trans-Pacific Steamship Lines.

Nearly all the trans-Pacific lines, as indicated by the following table, have effected traffic agreements with the leading American trans-Continental railways. In about half of the instances each of these agreements provides for an exclusive working arrangement be-

tween the ocean line and the railroad which are parties to the agreement, as regards traffic to and from the Far East. When these agreements are considered in conjunction with the agreements and conference arrangements existing among the steamship lines themselves, it is apparent that the regular trans-Pacific lines occupy a strongly entrenched position from a competitive point of view as compared with independent water carriers which have no such steamship conference or railroad connections.

AGREEMENTS BETWEEN STEAMSHIP LINES AND RAILROADS.

<i>Names of contracting steamship lines.</i>	<i>Names of contracting railroads.</i>
Pacific Mail Steamship Co.	Southern Pacific Co.
	Atchison, Topeka & Santa Fe Railway Co.
Toyo Kisen Kaisha.	Western Pacific Railway Co.
Great Northern Steamship Co.	Great Northern Railway Co.
Osaka Shosen Kaisha.	Chicago, Milwaukee & St. Paul Railway System.
Ocean Steamship Co. }	{ Great Northern Railway Co. Northern Pacific Railway Co. Reports no agreement.
China Mutual Steamship Co. }	
Bank Line.	

Agreements Between Railroads and San Francisco Trans-Pacific Lines.

The two lines operating between San Francisco and the Orient, viz, the Pacific Mail Steamship Co. and the Toyo Kisen Kaisha have each entered into traffic arrangements with certain transcontinental railroads leading into San Francisco. Briefly abstracted, these agreements contain the following conditions:

1. *Agreement between the Toyo Kisen Kaisha and the Western Pacific Railway Co., made on March 26, 1906, and to continue in force for a period of 10 years.*—Aside from the numerous provisions having for their purpose the establishment and joint operation of a through service between points on the railroad system and Far Eastern ports, this agreement stipulates:

(1) That each of the parties shall exchange traffic at San Francisco, each dealing, so far as shall be lawful, exclusively with the other, and that the steamship company and the railway lines of the Gould system, shall form and be operated as a through transportation line; and

(2) That the steamship company will turn over to the railway company all eastbound traffic controlled by it and originating in the Orient and destined to any point that can be reached via the railway company. The railway company in turn agrees that "so far as the same may be lawfully done" it will deliver to the steamship company all westbound traffic controlled by it and destined to any Oriental or Hawaiian port.

The aforementioned preference, however, the Toyo Kisen Kaisha advised the Committee, is not carried out, "as the Western Pacific Railway Co. now supplies cargo equally to outgoing steamers of the Pacific Mail Steamship Co. and the Toyo Kisen Kaisha, and the latter company furnishes eastbound freight to the Southern Pacific Railway Co., and the Atchison, Topeka & Santa Fe Railway Co., equally with the Western Pacific Railway Co." In view of the traffic arrangement between the Pacific Mail Steamship Co. and the Toyo Kisen Kaisha, relative to the employment of the Judson Freight Forwarding Co. as a joint agency for the two lines (already described in this section of the report) the latter company and the Western Pacific Railway Co. reached an understanding on August 21, 1911, whereby the Toyo Kisen Kaisha is at liberty to join in maintaining during the life of the agreement joint forwarding agencies to represent the company and the Pacific Mail in Chicago, New York and other traffic centers in the collecting and forwarding of through shipments destined to the Orient. By this supplementary agreement the Western Pacific Railway Co. agrees to impartially afford to both steamship companies the same service, facilities and advantages. Provision is also made to the effect that:

The temporary arrangement now in effect under which cotton arriving over the lines of the Western Pacific, Southern Pacific or Santa Fe is forwarded by the first sailing after arrival, is to be continued during the period of the arrangement provided hereby, with the further understanding that out-bound freight consigned to the Orient from points east of San Francisco over any line may be sent forward by the Steamship Company having the first sailing irrespective of whether such freight shall have been forwarded by a joint agency of said steamship companies. It is understood, however, that this stipulation is not intended to and shall not relieve Toyo Kisen Kaisha from its obligations to employ all of its own agencies and facilities exclusively for the benefit of the Western Pacific-Toyo Kisen Kaisha Route.

The foregoing arrangement will also involve the operation of steamships of Toyo Kisen Kaisha and Pacific Mail Steamship Co. in cooperation under

a joint schedule which will be made up as far as possible in such manner as to secure at substantially uniform intervals, six or seven steamships to be operated by the Pacific Mail Steamship Co. and four steamships by the Toyo Kisen Kaisha.

2. Agreements entered into by the Pacific Mail Steamship Co.—

This company has through routing arrangements with the Southern Pacific Co. and the Atchison, Topeka & Santa Fe Railway Co. These agreements, however, are reported not to provide for an exclusive working arrangement between the parties. The Southern Pacific Co. reported to the Committee that it exchanged with water carriers indiscriminately and on the basis of the local rates of the parties, except as regards government shipments to the Philippines via San Francisco, which are prorated 60 per cent rail and 40 per cent water.

The Atchison, Topeka & Santa Fe Railway Co. reported that:

The only definite understanding which this company has for a division of traffic is as follows: We have with the Pacific Mail Steamship Co. a mutual understanding for the interchange of traffic according to which the steamship line is to deliver this company 25 per cent of the inbound freight traffic from the Orient into San Francisco destined to eastern common points of the United States; and vice versa, the steamship line agrees to reserve 25 per cent of its space allotted to overland freight for Orient traffic delivered them by this company. This company has no exclusive working arrangement with any water transportation lines.

Agreements between railroads and north Pacific steamship lines belonging to the Trans-Pacific Tariff Bureau.

Five of the trans-Pacific lines touching North Pacific ports have entered into agreements with transcontinental railroad systems. Some of these contracts are particularly noteworthy because of their bearing on the matter of ocean rates in the Far Eastern trade and their references to the trans-Pacific steamship conferences. The following is a brief description of the leading provisions of these agreements.

*1. Agreement entered into on December 12, 1902 (and to remain in force until six months' notice from either side to terminate it is given), by Messrs. Alfred Holt & Co., Managers of the Ocean Steamship Co. and the China Mutual Steamship Co. and the Northern Pacific Railway Co. and the Great Northern Railway Co.—*In its replies to the Committee's Schedule of Inquiries the Northern Pacific Railway Co. states that this is the only formal contract now in force

between it and a trans-Pacific service. The memorandum of agreement submitted to the Committee contains the following important provisions:

(1) Alfred Holt & Co. declare that their service across the Pacific is primarily for the purpose of developing traffic between Europe and the Pacific Coast, so that cargo to and from Europe will always be their first consideration.

(2) Alfred Holt & Co. agree to charge nothing less than the trans-Pacific Conference rates in force from time to time, or less than is charged by the steamers serving the two railroad lines which may be loading alongside their boat. Alfred Holt & Co., however, may make such rates as they see fit from ports west of Hongkong and Manila at which their vessels may call, provided that the rates so made shall in no case be lower than the conference rates for similar classes of goods from Hongkong. It is also agreed that the steamers will call at certain Oriental ports, and that the steamers have leave to call at Honolulu and San Francisco.

(3) Alfred Holt & Co. undertake to give regular four-weekly sailings for the Pacific Coast and to announce these sailings six months in advance; and as far as may be practicable to arrange them so that they do not clash with the other sailings of the railways.

(4) Alfred Holt & Co. undertake to confine their bookings of cargo to overland points to cargo from ports west of Hongkong and Manila, and not to engage cargo to overland points from the Philippine Islands, Hongkong, China or Japan.

(5) The railways agree to give the steamers of Alfred Holt & Co. all overland cargo they can obtain which the railways' existing steamship lines are unable to carry. They also agree that the number of vessels employed by their existing steamship lines shall not be increased, except under certain conditions, so long as Holt & Co.'s four-weekly steamers can accommodate the cargo offering.

(6) Alfred Holt & Co. agree to hold at the disposal of the railway companies a certain amount of space on each of their trans-Pacific steamers for overland cargo. Moreover, should the company desire to carry United States Government cargo between the Philippines and the Pacific Coast they agree before doing so to confer and agree with Messrs. Frank Waterhouse & Co. (now repre-

senting the Bank Line), as well as the Northern Pacific Railway Co.'s. existing steamship connection, as to the minimum rates at which either shall tender.

(7) Alfred Holt & Co. undertake to make no alliance with any other trans-Continental railway in the United States. The railways agree that in the event of their importing material from Europe by sea to the Pacific Coast, they will give Holt & Co. every opportunity of tendering for its carriage and will give their steamers the preference over others at equal rates.

2. *Agreement made April 8, 1908 (effective until March 1, 1919), between the Osaka Shosen Kaisha and the constituent companies of the Chicago, Milwaukee & St. Paul Railway System.*—This contract was submitted to the Committee by the Chicago, Milwaukee & Puget Sound Railway Co. in answer to its Schedule of Inquiries. Among its numerous provisions the following have been abstracted and call for special notice:

(1) The contract declares "that it is to the mutual advantage of the parties hereto that an alliance be formed which will permit the free and continuous movement of all traffic over the through lines thus formed in competition with other through lines."

(2) The Osaka Co. agreed to secure six new steamships of a certain tonnage and to maintain two sailings per month from ports in Japan and China and from either Seattle or Tacoma, in connection with the railway company. Each party stipulates that it shall not hereafter become interested, directly or indirectly, in any other steamship or railroad line handling via Puget Sound ports, or any other port of the United States or Canada on the Pacific Coast, any freight business in competition with the line established by this contract.

(3) The Osaka Co. may enter into contracts with other companies as regards local freight (i. e., originating at or destined to ports on the Pacific Coast), but it is agreed that, when the railway company establishes a connection with such ports, shipments shall be delivered to it in preference, provided the railway company's published rates are not higher than those of other lines. Moreover, freight tendered to the Osaka Co. by the railway company shall be given preference over any other freight tendered to the steamship company by any other corporation or shipper. The railway com-

pany is likewise to give the preference to through freight tendered by the Osaka Co. over any other freight tendered to the railway company by any other corporation or shipper. It is further agreed that the Osaka Co. will upon eastbound traffic, and the railway company will upon westbound traffic, quote substantially the same through rates that are quoted upon similar traffic by competing lines via any route. Detailed arrangements exist for the division of the earnings between the parties upon joint through freight business.

(4) The Osaka Co. may become a member of the North Pacific Line Conference, and shall furnish the railway company with a record of the proceedings of such conference as promptly as possible.

(5) In Japan and China the Osaka Co. shall represent the interests of the railway company, and in the United States and Canada the railway company shall represent the steamship company.

3. *Agreement between the Nippon Yusen Kaisha and the Great Northern Railway Co., effective November 1, 1911, and to continue in force for 10 years, subject to cancellation by either party on 1 year's written notice.*—This agreement—although the parties agree to the establishment of a service between designated ports, through routing arrangements, mutual assistance in obtaining traffic, and the establishment of the time and number of sailings between designated ports—contains no provisions which openly and definitely declare the existence of an exclusive working arrangement between the railroad company and the steamship line in the matter of a trans-Pacific service. In this respect the wording of this agreement differs from the contracts outlined above.

While the steamship company declares its intention to maintain an efficient fortnightly service between Seattle and Yokohama, Kobe, Moji, Shanghai and Hongkong, it is not obliged to cause steamers to leave Seattle and Japan oftener than once each month. But if a fortnightly service is not maintained between the designated points, the railway company, in case it be found necessary to avoid delay, has the right to forward shipments of through cargo and parcels via other steamship lines affording direct service between such ports during the time that the steamship line fails to maintain a fortnightly service. But it is expressly agreed that the railway company shall not forward such through cargo or parcels via other lines under through bills of lading except in case of extreme necessity.

The steamship company agrees to give the railway company due notice of its intention not to make any fortnightly sailing, and vice versa, the railway company obligates itself to notify the steamship company of its intention to forward cargo via other lines under the conditions of the contract. In case the combined steamers of the Nippon Yusen Kaisha and the Great Northern Steamship Co. are not sufficient to handle the traffic via said ports, the former shall have the first right to furnish additional steamers.

4. *Relations between other north trans-Pacific lines and Trans-Continental Railroads.*—It should be added that all of the \$6,000,000 capital stock of the Great Northern Steamship Co. is owned by the Great Northern Railway Co. The railway company, in its answers to the Committee's Schedule of Inquiries, states that it has "a working arrangement with the steamship line for the interchange of traffic, but has no written agreement."

The Bank Line advised the Committee under oath that it has not entered into any agreement with any American railroad company.

CHAPTER VI.

AGREEMENTS IN THE TRADE BETWEEN THE UNITED STATES AND SOUTH AMERICA.

Classification of Steamship Services.

A comprehensive understanding of steamship agreements and understandings in the trade between the United States and South America can be best obtained by grouping the regular line services. Eight groups of lines logically suggest themselves, viz., those engaged in the following trades, both southbound and northbound:

- (1) Between New York and central and southern Brazilian ports.
- (2) Between New York and the Amazon district.
- (3) Between New York and New Orleans and the River Plate.
- (4) Between New York and Venezuela and Curacao.
- (5) Between New York and the Caribbean ports of Colombia.
- (6) Between New York and New Orleans and the West Coast of South America via Panama.
- (7) Between the Atlantic seaboard of the United States and the West Coast of South America via the Straits of Magellan.
- (8) Between the Pacific ports of the United States and the West Coast of South America.

Definite agreements or tacit understandings for the maintenance of rates have been admitted by the representatives of the lines engaged in each of the above-mentioned trade routes, with the exception of the last two. A brief description of all these agreements is furnished by the accompanying chart, and a detailed account of the same will follow in the order suggested. Suffice it to say at this point that in the trade to and from Venezuela, the Caribbean ports of Colombia, and the West Coast of South America via Panama, all of the regular lines are operating on the basis of written agreements or oral understandings; while in the case of the Amazon district the traffic to and from New York is controlled by a single line. In the trade to and from central and southern Brazil all of the lines except one—the subsidized Brazilian line—are organized in conference and operate under written agreements. The same situation prevails in the American-River

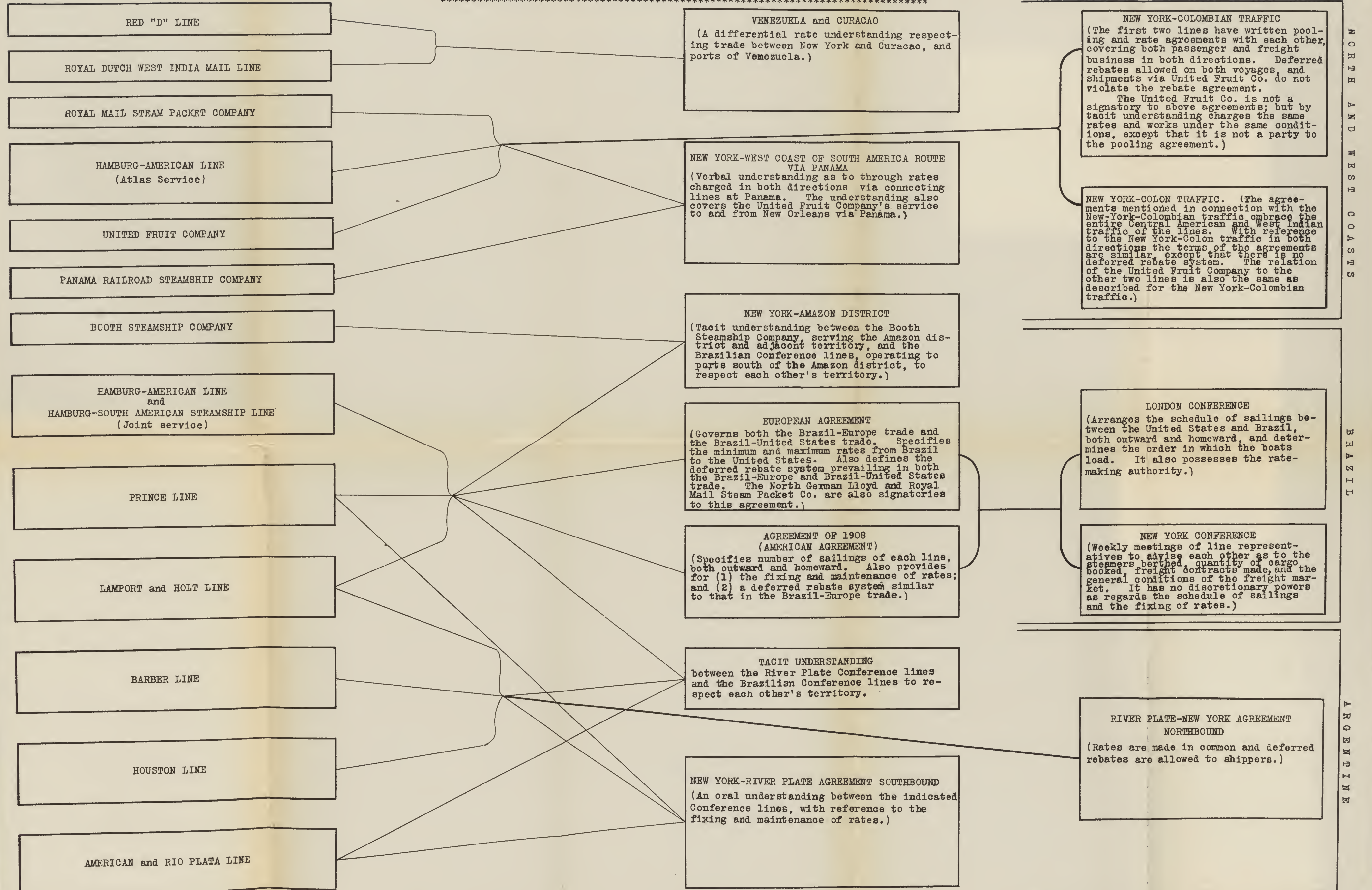
Plate trade where all the regular lines, except the Norton Line (which recently withdrew from the conference but continues to observe the conditions of the other lines just as it did when a member of the conference), are acting under an oral rate understanding. Only in the traffic between the West Coast of South America and New York via the Straits of Magellan, and in the trade between the Pacific ports of South America and the Pacific ports of the United States did the line representatives deny the existence of any written or oral rate agreements; but, as will be shown later, the several lines in this trade observe approximately the same rates.

Agreements in the American-Brazilian Trade.

Enumeration of the agreements.—The traffic between the United States and Brazil, exclusive of the Amazon district, is handled by the Lloyd Brasileiro, the Joint Service of the Hamburg-American Line and Hamburg-South American Steamship Co., the Lamport & Holt Line, and the Prince Line. Of these lines the last three (commonly called the Conference Lines) are operating under a written agreement which governs the trade with the United States both northbound and southbound. The same lines also operate between Brazil and European ports, and together with the North German Lloyd, and the Royal Mail Steam Packet Co. (which recently absorbed the Lamport & Holt Line) are working under an agreement which has for its purpose the regulation and control of the trade from Brazilian ports “to or via the ports of Antwerp, Rotterdam, Amsterdam, the Rivers Weser and Elbe, and to ports in the United States.”¹ The fact that the same lines operate in both the American and European trade should be particularly noted because of its important bearing upon the control of the direct Brazilian-American trade. Later references will show that the European Agreement contains provisions which vitally affect the traffic to and from New York and which, numerous witnesses have declared, constitute insuperable obstacles to the establishment of an independent and nonconference line from the United States to Brazil.

¹ For a memorandum of the agreement between the Lamport & Holt Line, Prince Line, and Joint Service of the Hamburg-American Line and Hamburg-South American Steamship Co., governing the trade from Brazil to the United States and vice versa see vol. 1, pp. 435–437. For a memorandum of the European agreement signed by the aforementioned three lines and the North German Lloyd and the Royal Mail Steam Packet Co., see vol. 1, pp. 15–16, and pp. 84–85.

 * AGREEMENTS AND UNDERSTANDINGS BETWEEN DIRECT LINES *
 * OPERATING BETWEEN THE UNITED STATES AND SOUTH AMERICA. *



The agreement for the regulation of the trade between the United States and Brazilian ports, and vice versa, was concluded on February 14, 1908,¹ while the memorandum of agreement governing the trade between Brazil and leading European ports, and vice versa, as submitted to the Committee, is dated 1909. Although steamship agreements governed the trade prior to these dates, it appears that, owing to a change of ownership of one of the lines in 1907, all these agreements were abrogated. A rate war ensued with the result that all of the lines lost heavily. Following this rate war the principals of the lines met in February, 1908, and signed a treaty of peace, adopting the foregoing agreements which restored conditions to approximately what they were prior to 1907. The essential provisions of these agreements, hereinafter called the American and European Agreements respectively, and the leading practices of the conference lines as regards the Brazilian trade and their effect upon American commerce, may be briefly summarized under the following heads:

Provisions of the Agreements.—The following stipulations may be summarized under this heading:

(1) According to the American Agreement the departures of the several lines from New York, unless otherwise mutually agreed, shall be as follows: The Lamport & Holt Line, 24 sailings per annum; the Prince Line, 24 sailings per annum; and the Joint Service of the two Hamburg lines, 24 sailings per annum. An itinerary covering the requirements of the various ports is to be agreed upon with a view to avoiding any excess of tonnage for any particular destination. In the traffic from Brazil to the United States, the Hamburg lines are limited to 24 sailings per annum, and the Prince Line to 24 sailings to New York and 12 to New Orleans. The Lamport & Holt Line, however, is free to despatch as many steamers in this trade as may suit its convenience. Moreover, the Hamburg lines agree to withdraw their service to New Orleans, sailings to that port to be maintained only by the steamers of the Lamport & Holt and Prince Lines.

¹ In his replies to the Committee's Schedule of Inquiries under date of January 24, 1913, Mr. James Knott, Managing Director of the Prince Line, states that the agreement of February 14, 1908, is in force to-day and covers the traffic between the United States and Brazil both outward and homeward. Messrs. Lorenzo Daniels and Paul Gerhard, New York representatives of the Lamport & Holt Line and the Prince Line, respectively, have testified to the same effect. (Vol. 1, pp. 157, 238.)

(2) In the southbound traffic the American Agreement provides for the drawing up of a tariff of rates, "to be strictly adhered to without any modification whatever except as they may be altered by agreement in meeting or in writing." Northbound, the rates of freight on coffee (Sec. 5, of the American Agreement) are to be "fixed in conference at the highest possible level, no alteration to be made therefrom except by mutual agreement." Rates on all other articles, excepting sugar, from the northern ports of Brazil, are also to be agreed upon and adhered to, and all rebates or discounts to shippers, except the deferred rebates to be mentioned later, are prohibited. Sections 2 to 6, inclusive, of the European agreement also have an important bearing on rates in the American traffic, and stipulate the following:

2. That the freight to Europe shall not be more than 5 shillings and 5 per cent primage per ton in excess of that for which coffee can be shipped and actually received at the time in question by outside steamers, with a minimum rate of 20 shillings and 5 per cent primage.

3. That the rate to the United States shall not be more than 10 cents and 5 per cent primage per bag in excess of that at which coffee can be shipped and actually received at the time in question by outside steamers, with a minimum rate of 30 cents and 5 per cent primage.

4. That no exporter shall be allowed more favorable conditions than another.

5. That 14 days' notice will be given of any increase in the rate of freight, and the tonnage required by the shippers will be supplied at the lower rate at the time notice is given to the extent of tonnage available by the ships of the Lines loading within 14 days from the date of notice.

6. In case the Lines fail to supply the available tonnage required at the above rates of freight by their own or chartered steamers within a reasonable time, say, 14 days from the date of request, or if their current rate be not in accordance with what is stipulated in clauses 2 and 3 of this agreement, the Shippers shall be at liberty to charter or ship in an outside vessel or vessels, or a part or parts thereof, without prejudice to their right to rebate under this agreement. In case of the shippers deciding to charter outside tonnage upon the grounds that the rate of freight charged by the Lines be at any particular time more than 5 shillings and 5 per cent per ton and 10 cents and 5 per cent per bag, respectively, in excess of the rates of freight at which coffee could be shipped in quantity at the time in question by outside steamers, then the shippers shall produce to the agents of the Lines in Brazil, at the time of such outside chartering, evidence as to the latter rate of freight. It is understood and agreed that the shipper will not offer, directly or indirectly, any chartered tonnage of theirs to other shippers at a lower rate of freight than their own charter rate.

(3) It is interesting to note that the American Agreement provides with reference to the voyage from New York that "consideration shall be given to the establishment of a deferred rebate system on the same lines as that in force from Europe." (Section 3.) Such consideration apparently led to a determination not to adopt the system, because no deferred rebates are allowed on goods shipped from American ports to Brazil, although they apply in the northbound voyage to the United States, as well as to both outward and homeward shipments between Europe and Brazil. In the northbound trade to New York, the American Agreement provides for the establishment of a rebate system on the same scale as that in force for Hamburg, "under which all shippers will be required to confine their shipments *either to the United States or to Antwerp, Rotterdam, Amsterdam, Hamburg and Bremen, to the steamers of the parties to this agreement or to other lines which may be in conference with the Hamburg Lines in their Brazil-Europe service.*" Further provision is made to the effect that an agreement, if possible, shall be concluded with the Royal Mail Steam Packet Co., the Chargeurs Réunis, or other lines, under which shipments to Havre and London may be brought within the same rebate system.

The rebate system to which the American Agreement makes reference is outlined in Section 1 of the European Agreement. A 10 per cent deferred rebate is promised to shippers by the Combined Lines on shipments of coffee from Santos, Rio de Janeiro, and Victoria by their steamers to Antwerp, Amsterdam, Rotterdam, the Rivers Weser and Elbe, Copenhagen, *and the ports of the United States.* These rebates are to be computed every 12 months up to a certain date and to be paid 3 months thereafter, but only on the condition that the shippers have confined all their shipments to *the above mentioned European and American ports, and to the steamers of the combined lines.* The rebate agreement expressly states that the rebates are paid only on the condition that the shipper "employ exclusively the steamers of the Combined Lines" for their shipments of coffee to or via the named ports of Europe, *and to ports in the United States.* Failure to observe the agreement in either the European or American traffic will involve a forfeiture of all the rebates which may have accumulated to the shipper's credit on shipments *in both trades.*

Section 7 of the European Agreement states that: "Until further notice any shipments by steamers of the National Brazilian Line, under the Brazilian flag, to the United States, and of the Koninklijke Hollandsche Lloyd to Amsterdam, at not under the rates of freight and conditions of the Lines, will not prejudice the Shippers' claims to rebate." This provision was adopted, owing to threatened legislation by the Brazilian Government in 1910, with a view to preventing the payment of deferred rebates. Brazilian shippers, however, the Committee is advised, did not avail themselves of this offer, and the National Brazilian Line (Lloyd Brasileiro), as will be explained later, has been prevented by the operation of the rebate system from securing any considerable portion of the coffee shipments.

(4) In case any of the signatories to the American Agreement begin a service in which they have not already been engaged previously, and which is in competition with any trade in which any of the other signatories are at present engaged, any such party whose trade is interfered with shall have the right to withdraw from the agreement.

(5) All matters of dispute between the lines shall, according to the terms of both agreements, be referred to arbitration in London under the terms of the Arbitration Act of 1889, and the decision of the arbitrators or umpire shall be final and binding upon all the parties to the agreement.

(6) Section 6 of the American Agreement makes reference to a supplementary pooling agreement then pending. This agreement was entered into by the three New York lines on July 8, 1908, for the purpose, as stated in the agreement (vol. 1, p. 166), "of equalizing the benefits and disadvantages in connection with the berth trade from the United States to central Brazilian ports." Each of the services had a one-third interest in the pool. Agents' commissions in New York, fixed at 5 per cent of the net freight earned, were also placed in a pool for division amongst them in equal proportions, i. e., one-third to the agents of each service. The pooling arrangement was based upon a minimum of one sailing per month for each party, but each line was free to increase its sailings to two per month, without, however, increasing its share in the pool. This pooling agreement was terminated on June 30, 1909, and at present there is no pooling arrangement between the lines, each line taking its own earnings. (Vol. 1, p. 198.)

Conferences governing the trade.—The signatories to the aforementioned American Agreement are organized in two conferences, viz., the London Conference and the New York Conference, and in each of these cities maintain for joint account a conference office with a secretary. The New York Conference office is located at 326 Produce Exchange, and meetings are held by the line representatives once a week for the purpose of advising each other as to the steamers berthed, quantity of cargo booked, freight contracts made, and the general conditions of the freight market. Testimony of the New York representatives of the lines shows that this conference exists principally for the purpose of carrying out the orders of the London Conference to the greatest advantage. Its chief purpose (vol. 1, pp. 175, 231) is to enable the representatives of the lines to advise each other with a view to avoiding needless waste in the operation of the service, especially by arranging the schedule of steamers to meet the requirements of the trade and existing contract obligations in such a manner as to prevent the sending of two steamers to the same port at the same time, when one steamer can perform the service equally well. As one witness stated, the conference enables the lines “to pull together and saves the waste of pulling against each other.” In case a very limited joint cargo, or a too bulky cargo for the account of a single line, should happen to be scheduled for the same port in the same week, one line or all of them cable to their London principals, asking that either one of the steamers be relieved from the necessity of calling at that port or that another steamer be dispatched, depending upon the requirements at the time. In case of a very limited joint cargo one steamer may be able to perform the service efficiently, and by having that steamer take over the cargo of the second steamer the steamship interests effect a great saving in the cost of operation without in any way jeopardizing the best interest of the shipper.

All discretionary powers, however, seem to rest with the London Conference, which is composed of the owners of the lines. Orders as to rates and other important matters are regularly cabled by the London Secretary to the New York Conference Secretary. In the first place the London Conference regulates the departures of steamers, and designates the boats that are to load. In this respect it is the policy at present to keep the cargo boat schedule arranged in such

a manner as to establish a regular and proper interval between sailings for the convenience of the trade. (Vol. 1, p. 175.) Secondly, the London Conference exercises the rate-making authority. Some years ago, the New York representatives of the lines were at liberty to fix and change rates (but not below the agreed minimum) on a certain number of staples, such as lumber, resin, flour and kerosene. But in recent years, as explained by Mr. Gerhard (vol. 1, p. 239) the New York representatives have been deprived of that authority and at present receive their orders from London. He further testified: "We cable through our Secretary in New York to the Secretary in London, who, I presume, submits the matter to the different owners, and we receive a reply through the Secretary as to what we should do in the matter of rates."

Contracts with shippers.—Freight contracts which are made for a specific sailing, or for a period not exceeding three months, are made by each line for its own steamers and on its own responsibility. But all contracts which extend beyond three months, or which involve a very large volume of freight, are usually joint contracts, i. e., made by one line on behalf of all the lines, each line assuming a one-third liability. Contracts involving large amounts of staples are also made jointly with a one-third liability for each line. (Vol. 1, pp. 155, 206.) It is only in connection with the joint contracts, the Committee is advised, that the lines distribute the traffic in New York.

A large number of joint contracts have been entered into by the several lines with such corporations as the Baldwin Locomotive Works, the Singer Sewing Machine Co., the United States Steel Corporation, the Barber Asphalt Paving Co., etc., and sample copies have been submitted to the Committee. (See vol. 1, pp. 247 and following.) Each line making the contract does so on behalf of all the lines, and the agreement covers the transportation of the shippers' *entire shipments* of merchandise from New York to the designated ports in Brazil at rates and conditions prescribed in the contract. In return for the shippers' entire freight, the steamship companies obligate themselves to provide space on receipt of ample notice of the shippers' requirements.

The use of deferred rebates in the trade northbound.—As already explained in connection with the American and European Agreements, the conference lines allow shippers a deferred rebate of 10

per cent on coffee, if shipped exclusively by the syndicate lines to the ports of Antwerp, Amsterdam, Rotterdam, the rivers Weser and Elbe, and to ports in the United States. But shippers are privileged to ship by chartered vessels without jeopardizing their accumulated rebates, in case the charter rate is 10 cents per bag below the rate charged by the syndicate lines. (Vol. 1, p. 62.) Mr. Joseph Purcell, representing the firm of Hard, Rand & Co., testified that the conference lines can not charge more than 10 cents above the prevailing ocean charter rate, and that when the syndicate lines advanced their rates in October of 1912, his firm entered the market to charter a vessel, but discovered that this could not be done at a rate sufficiently low to give them the advantage of this stipulation in the agreement. (Vol. 1, p. 62.)

Until recently the deferred rebate allowance was graded according to the quantity shipped, ranging from 5 per cent for shipments up to 100,000 bags, and one-quarter per cent more for every additional 10,000 bags, up to a maximum of 10 per cent for 300,000 bags or over. (Vol. 3, p. 222.) This discriminatory feature, however, was subsequently eliminated, and the present arrangement gives the same rebate on all shipments, large or small, and is regarded by shippers as much more satisfactory than the former plan of discriminating between large and small shippers. (Vol. 3, p. 220.) All rebate agreements are made by the syndicate lines with the agents of American coffee houses in Brazil instead of with the head offices in the United States. In this connection it is also significant that no deferred rebates are allowed in the trade southbound from New York, especially in view of the fact that (1) the matter had been taken under consideration by the lines, and (2) such rebates are allowed, not only in the trade to New York, but in both the outward and homeward voyages of the Brazil-Europe trade. The Committee is also advised by the American Consul General at Rio de Janeiro that "coffee shippers at that port state that written agreements, formerly made between them and the conference lines, have been withdrawn, and only verbal agreements are now made."

Arguments in favor of the deferred rebate system.—Representatives of the conference lines testified before the Committee that the aforementioned rebate system serves as a protection to both shipper and shipowner in that it is to the interest of the shipper that the

steamship lines should be placed in a position where regular and efficient service can be given. To build up and maintain such a service, it was claimed, requires an agreement on the part of the shipper to support the lines offering him a regular and up-to-date service with his entire shipments throughout the year. In fact, the steamship-line representatives have emphasized the view that the deferred rebate system in no way represents a discrimination between shippers; that it is simply a legitimate "discount" or "compensation" to the shipper for exclusive support, and open to all shippers who are willing to give such support; and that it is unfair for shippers to insist on a quick and regular service with stable rates at all times, irrespective of the fluctuations in the volume of freight offerings, and yet be free to withdraw their support (which alone makes the efficient service possible) and give it to an outsider whenever it suits their convenience. The injustice of this is especially true, it is claimed, because of the small volume of freight moving northward to New York. Mr. Paul Gottheil testified that the cargo records of the last 16 sailings of the Hamburg lines northbound show that only two vessels had obtained a full cargo, only one other vessel had secured as much as a half cargo, while some vessels brought no coffee at all. (Vol. 1, p. 308.) The Prince and Lamport & Holt Lines also submitted detailed records of northbound cargoes to the Committee, which show that during the three years 1910-1912 the Prince Line steamers averaged only between one-third and one-half of full cargoes, and that during 1912 the Lamport & Holt Line steamers arriving in New York averaged only 40 per cent of their estimated coffee-carrying capacity. (Vol. 1, pp. 571, 976.) These figures were presented to confirm the assertion that there is not sufficient cargo moving northward to provide anything like full cargoes for the return voyage of the ships that are necessary to meet the requirements of the southbound service. Without the restraining influence of the rebate system upon shippers, the volume of northbound cargo carried by the regular lines would in all probability be even smaller than at present, and it is therefore argued that the lines are justified in attempting to hold to themselves the limited amount of freight now moving northward by offering the shippers a "compensation" for their loyal support.

In the main the important coffee firms do not appear to oppose the deferred rebate system. Mr. Julius G. Lay, Consul General

at Rio de Janeiro, reports that "shippers prefer the present rebate system, stable freight rates, regular sailings, and good service in other respects, to the reverse conditions that obtained before the rebate system was inaugurated, and many of them believe that if open competition among steamship companies was made possible by suppression of rebates, the former unsatisfactory conditions would return." (Vol. 3, p. 220.) Mr. Purcell, of the firm of Hard, Rand & Co., whose deferred rebates received from the Lamport & Holt Line in the course of a year have amounted to as much as \$100,000 (vol. 1, p. 41), explained that his firm must have regularity of shipments and efficient service, because its coffee is sold several months ahead to parties in the interior of the United States, and when making these sales for future delivery his firm must know that the requisite amount of tonnage can be secured. The emphasis which this firm places upon the quality of the service is indicated by Mr. Purcell's testimony relative to the reasons why he did not patronize the Lloyd Brasileiro when its rate was only 26 cents per bag as compared with 50 cents by the syndicate lines. He insisted that the rate of freight (vol 1, pp. 62-64) and the deferred rebate allowance are not the only factors in the coffee trade, but that regularity of sailings and a proper supply of tonnage when needed are absolutely essential, and that the firm is willing to pay the price for the right kind of service. Briefly summarized his testimony is to the following effect: "We are compelled to ship coffee from three ports—Santos, Rio, and Victoria—and the syndicate lines give us the service from these ports when we need it. * * * They have the tonnage we want and when we need it, while the Lloyd Brasileiro has not the service of the other lines. * * * We stick to the syndicate lines, because they give us the service we want, and we must have that service. * * * We are assured as long as we do business with the syndicate lines that we will have the tonnage, and we do not have to pay more than 10 cents a bag above what we can charter for."

Effectiveness of the deferred rebate system against nonconference lines.—Considered from the standpoint of its effect upon nonconference lines, the deferred rebate system in the Brazilian trade would seem to constitute an almost insuperable obstacle to the successful entrance into the trade of any independent regular line which does

not possess the most powerful financial backing or the good will of the conference lines. The experience of the Mississippi Valley, South America & Orient S. S. Co. (Pan American Mail Line) and the Lloyd Braziliero, as related to the Committee, would seem to warrant this conclusion. The first line began its service between New Orleans and South America in 1912 with chartered vessels. Although it is claimed by representatives of the conference lines that this venture was bound to be a failure from the start, owing to the inexperience of the promoters and the excessive charter rates paid, it appears from the testimony that, although the vessels of the line were loaded to full capacity on the southbound voyage, "not a pound of cargo could be secured for the return trip." (Vol. 1, p. 5.) Without northbound cargoes the proposition could not be made a paying one, unless aided by a government subvention as in the case of the Lloyd Braziliero, and the line was therefore abandoned after the first few sailings.

The failure to obtain any return cargo at all was attributed by Messrs. Sidney Story and William Lowry, representatives of the line, to the operation of the deferred rebate system. Although the line offered inducements in the form of cut rates, shippers refused to give their freight and gave as a reason their absolute dependence upon the conference lines for the handling of their cargoes, not only to the United States but also to Europe. (Vol. 1, p. 24.) Not only did the shippers wish not to lose the rebates that had accumulated, by patronizing the Pan American Mail Line (and as already explained, the giving of any freight to an opposition line meant not only the loss of rebates in the trade to the United States but also in the trade to Europe), but they were possessed with the fear that if they used the Pan American Mail Line's steamers the syndicate lines would, on one pretext or another, retaliate by refusing them accommodations on their subsequent shipments both in the American and European trade. (Vol. 1, p. 87.)

In this connection it should be borne in mind that nearly every shipper of any importance in Brazil has connections in Europe as well as in the United States, the European interests in many instances being the most important. For this reason neither the Pan American Mail Line nor the Lloyd Braziliero could relieve the shippers from their dependence on the conference lines (which control both the American and European service) by guaranteeing to carry all their

cargoes, unless they also established a European service. (Vol. 1, p. 45.) But even assuming that the independent line would undertake to establish a European service, it would still be greatly handicapped (1) by the difficulty of a single line giving its patrons sufficiently frequent and regular sailings as compared with the large conference lines which alternate their sailings to meet the requirements of the trade, and thus cooperatively accomplish in the way of frequency and regularity of service what no ordinary single line can hope to do; and (2) by the inducements afforded to shippers to remain loyal to the old established lines by the 10 per cent deferred rebate system prevailing in both the American and European trades. In fact, Mr. Lowry expressed the view that, because the same shippers and conference lines are interested in both the American and European branches of the coffee trade, the latter could control the traffic to the United States even though rebates were prohibited by law. To quote his testimony: "I do not see how we are going to prevent rebates in the voyage to Europe, and if to-morrow the conference lines find it impossible to pay rebates on coffee coming to the United States they are in a position to say to Mr. Purcell, for example, 'Mr. Purcell, we are very sorry that we can not pay you any rebates on the 350,000 bags you shipped to the United States this year, but instead of paying you 10 cents a bag on what you shipped to Europe we are willing to pay you 20 cents just as long as you do not ship outside the combination.'" (Vol. 1, pp. 87-88.) Moreover, the representatives of the Pan American Mail Line charged that the opposition lines not only threatened shippers with the loss of their rebates in both the American and European trades, but let it be known that they would refuse to accept any longer the cargoes of disloyal shippers and would also start an opposition service with a view to running the American line out of the trade. (Vol. 1, p. 19.)

The Lloyd Braziliero's experience was similar to that of the Pan American Mail Line, although the line has managed to continue owing to the strong financial backing of the Brazilian Government. Although during 1912 this line loaded 22 steamers to practically their full capacity with merchandise from New York to Brazil, its return cargo did not exceed 6 per cent of capacity, and this showing despite the fact that its rates on coffee ranged from 26 cents to 32 cents per bag as compared with conference-line rates of 45 cents to 50 cents. (Vol. 1, p. 43.) Mr. Joseph J. Slechta, New York agent of the line,

estimated that the Lloyd Brazilero has lost fully \$2,000,000 in the six years it has operated in the trade (vol. 1, p. 40), but stated that the business as a whole, both northward and southward, would be profitable, and in fact present rates could be reduced, if the line were able to obtain a fair proportion of the existing cargo on the upward run (vol. 1, p. 49). He further testified that, with the unimportant exception of 6,000 bags shipped by F. J. Weston & Co., the line has served only one shipper of coffee, viz, Arbuckle Bros., who only ship by the Lloyd Brazilero when it serves their purpose to do so. (Vol. 1, p. 46). In other words, judging from this statement, it would appear that every shipper of coffee from Brazil to the United States, with the exception of one, is, as far as regular-line service is concerned, shipping by the conference lines.

Like the representatives of the Pan American Mail Line, Mr. Slechta attributes his failure to obtain a return cargo principally to the deferred rebate system, which according to his testimony seems to operate against other articles (besides coffee) shipped by nonconference lines, such as cocoa and hides. (Vol. 1, p. 46.) In fact, he expressed the opinion that, with the deferred rebate system in existence, no independent line could possibly get a foothold in the coffee business, unless like the Lloyd Brazilero it has the backing of the government (vol. 1, pp. 48, 49), and that shippers are not in a position to take advantage of the lower rates offered by nonconference lines. He also admitted that his line could not relieve shippers of their dependence on the conference lines by guaranteeing to carry all their coffee to America, unless it also established a European service, and that the shippers having interests in both the United States and Europe acknowledged that this was a reason why they did not patronize his line. (Vol. 1, p. 45.)

The difficulties encountered by nonconference lines in attempting to hold the trade of their clients are further illustrated by the handicaps under which shippers operate when they have incurred the displeasure of the conference lines. These handicaps are explained in detail by Arbuckle Bros., the only important coffee firm which does not patronize the conference lines, in their statement submitted to the Committee on Rules in its Hearings on House Joint Resolution No. 72, under date of December 18, 1911 (p. 38 and following), and subsequently confirmed to the Committee on the Merchant Marine and

Fisheries. Briefly summarized this statement shows that Arbuckle Bros. encountered the following difficulties:

(1) Having refused to enter into the rebate agreement, the syndicate lines refused entirely to carry their coffee, even at full syndicate rates. Numerous shipments have been tendered to the syndicate lines, in accordance with the advertisements of the lines, but all have been declined on various pleas. In one instance at least, information was furnished to the effect that the Arbuckle business could be accepted only if the firm agreed to leave the Lloyd Brasileiro entirely.

(2) The Lloyd Brasileiro does not refuse to take the business of Arbuckle Bros. but its sailings are infrequent and its service unsatisfactory in other ways. Since the syndicate lines refuse to take the business, the firm is obliged (saving its business via the Lloyd Brasileiro) to charter vessels and dispatch them to Rio or Santos. Such chartering of vessels means that Arbuckle Bros. do not have the advantage of the frequent and fast sailings of the syndicate lines, and that the firm must first accumulate at the Brazilian ports a stock of coffee sufficiently large to warrant the chartering of an entire vessel. Their trade is therefore greatly delayed.

(3) This delay is characterized as "a distressing handicap, particularly in the cost-and-freight business, because buyers on that basis must be promised at least an approximate sailing date, and Arbuckle Bros. can not tell in advance at what date they will be having another vessel under charter." For the year 1910 the firm did a cost-and-freight business of only about 150,000 bags, and this business, it is estimated, would have been 500,000 bags if they had not been denied the shipping facilities of the syndicate lines. It is further estimated that the loss of profits entailed on this class of business, owing to the refusal of the lines to carry the business, amounted in 1910 to over \$122,000.

(4) On cost-and-freight transactions the buyer pays the full freight rate, and the deferred rebate goes to the seller, who in this way receives an extra profit, which Arbuckle Bros. do not obtain. This factor is regarded an important element of competition operating to the disadvantage of the firm.

(5) The firm has customers located in territory tributary to the port of New Orleans and the cost of the voyage is materially

increased if the chartered vessel is required, on its way to New York, to call at New Orleans, and the firm does not possess enough New Orleans business to warrant chartering a vessel for that port only. On a single steamer destined to New York with a cargo of 70,000 bags, a divergence to New Orleans for the purpose of leaving 8,000 bags, which had been sold to Western customers and required routing via New Orleans, involved a loss of \$2,480.

(6) Very frequently small lots of coffee are needed at short notice to supply calls of the trade and this demand the firm is unable to meet "because it can not offer as prompt shipments as the other dealers, who are not under the ban of the syndicate."

Policy of keeping rates from the United States on a parity with those from Europe.—Judging from the numerous complaints received by the Committee (which will be discussed fully in the section dealing with complaints), the impression is widespread among American exporters that European shippers to Brazil are receiving more favorable rates than are granted to their American competitors. Such discrimination between the two markets, however, the representatives of the lines have absolutely denied in their sworn testimony before the Committee. They contend that their New York tariff is made up under instructions from London to conform to the English and continental tariffs for similar classes of goods, and that the New York Conference lines charge the same rates to American shippers as are paid by shippers from Europe. (Vol. 1, p. 155.) The Lloyd Brasileiro follows the rates of the conference lines in the southbound trade and cuts them just sufficiently to receive a fair share of the cargo. (Vol. 1, p. 40.)

Mr. Lorenzo Daniels, in speaking for the Lamport & Holt Line, testified: "The policy of the line has been to maintain the same rates from the United States to Brazil as are charged from European points, and the line has committed itself to a great many of the large influential merchants to follow that policy for a great many years, and it has followed this practice faithfully." (Vol. 1, p. 191.) The rapid growth of American exports to Brazil, as compared with European exports, despite the fact that by far most of the investments of capital in the railroads and industries of Brazil are European and not American, is pointed to as showing that there is no discrimination in rates against the United States. In fact, it is ar-

gued that many of the American merchants and commission houses, having branches in both the United States and Europe, have always insisted that the New York lines maintain rates from the United States on a parity with those from Europe. In this connection Mr. Daniels stated (vol. 1, p. 191) :

A good many of the merchants, in fact, all of the merchants, have European houses. * * * When a large contract comes into the market the New York firm knows exactly what competition it must meet in Europe, and to secure the business from America we give the firm the same rate from America as the lines will give from England or Germany; and we do that with our large commission merchants, all of whom have houses abroad. * * * They all know perfectly well the conditions of the business; they know exactly the state of their competition; and they come to us and say they desire American business to go from New York; and the only way they can do that is for us to give them equal terms of freight for the same haulage, and we have done this for many years.

Understanding Between the Booth Line and the Three Conference Lines Operating to and from Southern Brazil.

About a year ago, according to the testimony of Mr. Joseph J. Slechta, its New York agent, the Lloyd Brasileiro withdrew from the Amazon district, thus giving the trade of this section to the Booth Line exclusively. (Vol. 1, p. 46.) While the two companies operated in this district the rates on the leading articles were generally the same, but the withdrawal of the Lloyd Brasileiro was not by virtue of any agreement. Mr. Slechta testified that there is a tacit understanding, equivalent in effectiveness to an agreement, between the Booth Line and the three conference lines operating to Southern Brazilian ports to keep the Amazon territory separate from the rest of Brazil. As Mr. Slechta explained: "That is the general understanding. In fact the Booth Line is very powerful in the business there, not only from New York but from Liverpool. To start competition would mean ruination probably not only to them but to some of the other people." (Vol. 1, p. 47.)

Mr. John C. Seager likewise testified that at the time of discontinuing his agency for the Prince Line in 1906, there existed a gentlemen's agreement to the effect that the territory from Pernambuco to the Amazon was Booth Line ground and that the region between Pernambuco and Southern Brazil was the territory of the

Lamport & Holt Line, the Prince Line, and the Hamburg-American Line. Again, Mr. Lorenzo Daniels, representing the Lamport & Holt Line, testified (vol. 1, pp. 199–200) that in his opinion, if the Booth Line wanted to go to Pernambuco or one of the southern ports they would, as a matter of courtesy, obtain permission of the other lines; and likewise, if the three Brazilian conference lines wished to go outside of their territory it would be common courtesy to ask permission of the Booth Line. This unwritten understanding, the witness explained, is the outgrowth of many years of business conduct, “the Booth Line having served its territory for 40 years and we having served our territory for 40 years without clashing.” (Mr. Paul Gerhard, representing the Prince Line, testified to the same effect, vol. 1, p. 240.)

Agreements in the Trade Between the United States and the River Plate.

Southbound trade.—In the outward trade from New York to the River Plate an oral understanding has existed since about January, 1912, between the Lamport & Holt Line, the Houston Line, the Prince Line, the Barber Line and the American & Rio Plata Line, with reference to the fixing and maintenance of rates. Representatives of these five lines, according to the testimony, meet regularly once a week in the offices of the different lines as may be most convenient; but sometimes, if it happens that conditions arise which require immediate attention, the matter is considered by the representatives of the lines on the floor of the New York Produce Exchange. The conference has no secretary, and merely a memorandum of the reports submitted by the other lines is made by any representatives desiring to do so. (Vol. 1, pp. 228, 276.)

At the regular conference meetings each line reports the name and position of the steamers, the amount of cargo secured, the quantity of cargo offering, and the contracts made. Moreover, according to Mr. Paul Gerhard, New York agent of the Prince Line: “Freight rates are determined at the conference meetings and adhered to by the five lines mentioned. Sometimes rates are changed between the meetings by mutual arrangement. It is also a part of the understanding that merchants who contract with individual lines for the shipment of large quantities of materials or for shipments during a season or a year, have the privilege of loading all their shipments, as they may desire, upon any steamer or steamers of any of the five

lines which may be on the berth at the time the merchants wish to make the shipments, but subject to arrangement with the agent of the particular line which closes the contract. The freight money earned by each of the lines is its own and is not pooled. Each agent represents his own line, receives his commission from his own principal and there is no pooling of commissions. There is no limitation upon the number or the size of the steamers that may be dispatched by any line, nor is there any limitation as to the time at which any party to the understanding may dispatch steamers. * * * No rebates of any kind are given in this trade and there is no division of territory." (Vol. 1, pp. 241, 242.)

Replying to the Committee's Schedule of Inquiries, Mr. James Knott, Managing Director of the Prince Line, confirmed the foregoing statement of Mr. Gerhard, and described the River Plate agreement southbound as "an informal one applying to rates only." The Committee has also been advised that in May of this year the four conference lines operating from New Orleans to the Argentine, viz., the Lamport & Holt, Prince, Barber and Houston Lines, have reached an understanding with the Weir Line (known as the Pan American-Argentine Line and operating in connection with the Illinois Central) whereby a regular monthly service will be established from New Orleans to Argentine by the five lines operating as a conference service.

All the testimony before the Committee shows that in making rates the five New York conference lines are guided by the English and German tariffs in order to keep American and European rates to the Argentine on a parity. The principals of the lines in Europe advise the New York representatives from time to time of any changes made in the European rates and the New York rates are then changed to follow the European rates, up or down, as the case may be. (Vol. 1, pp. 276, 277.) "As in the case of Brazil," Mr. Lorenzo Daniels testified, "the policy of the River Plate lines has been to maintain tariff rates to the River Plate similar to those charged by the conference lines operating from Europe, in order to give American merchants the same rates from New York as their competitors have from Europe. In making up the schedule of rates a committee of the lines was in conference with a committee of merchants from one of the associations, who asked to have a voice in the making of the rates." (Vol. 1, p. 156.) Mr. Gerhard likewise testified (vol. 1,

p. 268) that the conference lines are guided by the European tariff and that they make their rates accordingly; while Mr. William E. Halm, Manager of R. P. Houston & Co., stated that (vol. 1, p. 276) "We receive many complaints from shippers on the American side that lower rates are being given from the other side. We investigate each and every one of these cases and we keep American shippers on a parity with those in England and Germany." In this connection it may be stated that the European conference lines, comprising practically all the regular lines engaged in the trade from northern Europe and including the Lamport & Holt Line, Prince Line, and R. P. Houston & Co., maintain the same rates from Europe to the River Plate, and allow shippers a deferred rebate of 10 per cent under their tariff rates, the same to be calculated every six months.¹

There are only a few joint contracts with shippers in this trade, all the testimony being to the effect that it is the general practice for each line to make its own contracts and to assume sole liability for the fulfillment of the same.² Numerous contracts with shippers were submitted to the Committee by several of the Argentine lines, and the contract made between R. P. Houston & Co. and the Hagemeyer Trading Co. on June 27, 1912, (vol. 1, p. 120) is illustrative of the individual contracts made by all the Argentine lines. The shipper according to this contract agrees to give the steamship line his entire shipments from New York to Montevideo, La Plata, Buenos Aires, Rosario and Bahia Blanca, for a designated period, usually a year, and the steamship line obligates itself to provide tonnage at definitely prescribed rates for all shipments offered, provided reasonable notice of intention to ship is given. The contract expressly provides that the entire shipments of the shipper can be sent only by the steamers of the contracting line, or "by steamers designated by the contracting line," thus implying that, while each line makes its own contracts with shippers, all shipments of mer-

¹ A copy of the deferred rebate circular issued by the European La Plata Conference Lines is published on pages 241 and 242 of vol. 3. The circular is signed by the Hamburg-South America Steamship Co.; Hamburg-American Line; North German Lloyd; German Steamship Co., "Hansa"; Chargeurs Réunis; Lamport & Holt; R. P. Houston & Co.; David MacIver & Co.; H. & W. Nelson (Ltd.); Royal Mail Steam Packet Co.; Houlder Bros. & Co. (Ltd.); Prince Line (Ltd.); and Allan Line Steamship Co. (Ltd.).

² Several witnesses expressed their belief that there is only one important joint contract, the same having been entered into between the Barber Line and the Standard Oil Co. The contract was concluded because the Standard Oil Co. insisted on having more frequent sailings than Barber & Co. could give, and accordingly the contract specifies other lines, each line assuming a certain definite liability as to the quantity of cargo it will carry.

chants contracting with any of the conference lines must go by conference steamers only, in case the contracting line can not carry the goods, because, as Mr. Daniels explained, the lines in designating steamers as per the terms of the contract would not go outside of their friendly conference arrangement. (Vol. 1, p. 226.) It is also stipulated in the contract that in case the steamship line reduces its rates to any other shipper during the period of the agreement, it will give the shipper the benefit of all such reductions during the period that the lower rates remain in force.

The policy of having each line in the conference make its own contracts, instead of having joint contracts, was adopted to avoid the disadvantages of a divided responsibility. "If the contract included all of the lines," according to Mr. William E. Halm, Manager of R. P. Houston & Co., (vol. 1, p. 277) "it would obligate each of those lines to provide tonnage, but there would be a divided responsibility which would not satisfy the shipper at all. In case of a very sudden rush of cargo, or in case of delayed steamers, there would result an accumulation of much more cargo than all the prompt steamers could move immediately, and the shipper would be shifted from one line to the other. I would tell him to go and see the American & Rio Plata Line, and they would tell him to go and see the Barber Line in order to get his room. But in case one line makes the contract, that line is responsible to furnish the shipper that room; and that form of contract is considered by us and by the shippers as the one that carries with it the best fulfillment of the contract." Mr. Halm, however, testified that while there is nothing in the contracts of his line that implies liberty on the part of the merchant to ship by any of the other lines, as a matter of fact each contractor is allowed to ship by any of the other conference lines working in harmony with the Houston Line. (Vol. 1, p. 277.)

All of the witnesses before the Committee representing the Argentine lines testified that small shippers, if willing to contract, are offered the same rates as the big shippers and are allowed to enter into contracts with the lines on identically the same terms. (Vol. 1, p. 246.) Furthermore, in case large shippers have entered into contracts at rates below the regular tariff, small shippers are allowed to contract subsequently at the same rates for the balance of the year, it being the desire of the line to have all the contracts expire at the same time. (Vol. 1, p. 246.) In fact, the representatives of the lines

have been a unit in testifying that they are anxious and always ready to make contracts with as many shippers as possible. On the one hand the steamship lines find a large number of contracts on their books highly advantageous in the establishment of a regular service, since in the case of large steamers it is impossible to wait until the boat is on the berth before soliciting cargo. On the other hand, nearly all the merchants of any importance in the trade want such contracts in order that they may contract for the future and know that when their goods arrive in New York there will be steamers on hand to convey the same.

The five above-mentioned conference lines comprise all the lines engaged in the American-River Plate trade, except the Norton Line. This line was a member of the conference until about a year ago when it voluntarily withdrew. (Vol. 1, p. 228.) According to Mr. Skeppington S. Norton's replies to the Committee's Schedule of Inquiries (confirmed by Mr. J. T. Lilly, vol. 1, p. 448), the Norton Line has at present no understanding with any of the conference lines, and does not attend the conference meetings. The conference lines, however, make it a point to keep the Norton Line posted as to the rates they are charging although that line is under no obligation to maintain the same. As a general proposition, the Norton Line has maintained the rates of the other lines, and the relations between it and the five conference lines are just as cordial as they were when the line belonged to the conference. (Vol. 1, p. 228.)

Northbound trade.—In the trade northbound from the River Plate there is an agreement between the regular lines which contains a deferred rebate feature. (Vol. 1, pp. 279, 417.) Mr. Herbert Barber, representing the Barber Line, testified that this deferred rebate arrangement in the northbound trade exists between the Barber Line, Lamport & Holt Line, and the Houston Line, and that, according to the arrangement, rates are made in common and shippers are allowed a 5 per cent deferred rebate if they confine their shipments to conference lines for a period of six months. The rebate allowance applies on all articles except cereals and linseed, which constitute a large proportion of the traffic from the River Plate to the United States.

Exports from the River Plate to New York are very small as compared with the large volume of traffic southbound, and this fact

probably accounts for the adoption of a deferred rebate plan by the three conference lines. The Prince Line steamers, although operating southbound, do not return in this trade; while the Norton Line informs the Committee by letter that the quantity of general cargo northbound is so small and the delays to ships so expensive that it either brings the steamers back in ballast, or, when opportunity offers, secures full, or nearly full, cargoes of large block shipments, such as quebracho logs or linseed, the rates on such shipments being in all instances a matter of negotiation and depending on the number of steamers at the River Plate and the requirements of shippers.

It remains to be stated that, as regards the American trade northbound and southbound, there appears to be a tacit understanding between the River Plate conference and Brazilian conference lines to respect each other's territory. Mr. Gerhard, representing the Prince Line, which operates a service both to Brazil and the River Plate, asserted (vol. 1, p. 240) that there is no definite agreement between the two groups of lines, but that there is "simply a tacit understanding" to the effect "don't go for me and I won't go for you." Likewise, in reply to the question as to whether certain lines agree to confine themselves to the River Plate and stay out of the Brazilian trade, Mr. Slechta answered that "there is no question but what a certain tacit understanding exists along that line." (Vol. 1, p. 47.)

Agreement Governing the Traffic to and from Venezuela and Curacao.

With the exception of the Royal Dutch West India Mail Line, the steamers of which run indirectly by way of Haitian ports, the Red "D" Line (the Atlantic & Caribbean Steam Navigation Co.) is the only regular steamship line operating between New York and La Guayra, Puerto Cabello, and Curacao. Red "D" Line steamers make the trip in 10 to 11 days, whereas the other line's steamers, owing chiefly to the indirect service via Haiti, require 16 to 17 days. As a result, the Royal Dutch West India Mail is not much of a factor in the American-Venezuelan trade, and carries little cargo for La Guayra and Puerto Cabello. (Testimony of Mr. Paul Gottheil, representing the Line in New York, vol. 1, p. 322.) In the trade between Maracaibo and the United States the Red "D" Line has practically a monopoly,

owing to the fact that its two vessels engaged in this trade are especially constructed with a view to overcoming the dangerous obstructions in the channel connecting the port with the open sea. (Vol. 3, p. 257.)

As regards Venezuelan ports, the Royal Dutch West India Mail adheres to the rates of the Red "D" Line, but owing to its indirect service has the right, by virtue of an understanding, to charge 5 or 10 per cent less than the rates charged by the Red "D" Line. (Testimony of Mr. Paul Gottheil, vol. 1, p. 322.) A comparison of the tariffs of the two lines shows the listed rates to be the same, but the Royal Dutch West India Mail allows a discount of 10 per cent, thus making its rates 90 per cent of those charged by the Red "D" Line.

The differential rate understanding between the two lines, to which Mr. Gottheil referred, involves Curacao as well as the ports of Venezuela, and is explained as follows by the Red "D" Line in its answers to the Committee's Schedule of Inquiries under date of October 3, 1912:

We have no agreement with any competing line and our only understanding is with the agents of the Royal Dutch West India Mail. Their steamers ply between New York and Amsterdam via Haiti, Curacao, ports in Venezuela, Trinidad, etc., and call at the following ports at which our steamers call, viz: Curacao, Puerto Cabello, and La Guayra. We have had no agreement with them for over 20 years, but they understand that if they do not charge less than 10 per cent less than our rates between New York, La Guayra, and Puerto Cabello, we will not resent their cutting our rates to and from Curacao to an extent that will enable them to secure about one-half of the total freight carried between these ports. The reason they can not get freight at the same rates we charge is because their steamers, calling at intermediate ports, are a longer time on the voyage.

Agreements Governing the Traffic to and from Colombian Ports on the Caribbean Sea.

The Royal Mail Steam Packet Co., the Hamburg-American Line (Atlas service) and the United Fruit Co. are the only regular lines plying between New York and the Colombian ports of Puerto Colombia, Cartagena and Santa Marta, the first operating a fortnightly, and the last two a weekly, service. All these lines act in accord as regards both freight and passenger business. The first two companies have entered into written pooling and rate agreements, while the United Fruit Co. has, from the beginning of its operation in the

trade, seen fit to charge the same rates and to work under the same conditions as the other lines, without, however, participating in the pooling arrangement and without having actually entered into a written or verbal agreement.

The written agreements between the Royal Mail Steam Packet Co. and the Hamburg-American Line's Atlas service pertain not merely to the American-Colombian trade, but also to the entire Central American and West Indian traffic of the lines. Three agreements, it was testified, are now in force between these lines, viz, (1) the original agreement of February 21, 1908, entered into at London; (2) the supplementary agreement of October 7, 1908, concluded in New York; and (3) the passenger agreement concluded in New York and governing the passenger traffic of the two lines between New York and West Indian, South and Central American ports.¹ Briefly abstracted, with special reference to the American-Colombian trade, the essential provisions of these agreements are the following:

(1) Sections 1 and 2 of the original agreement of February 21, 1908, make the following provisions for a pooling arrangement between the lines:

1. It is agreed that commencing from 1st March, 1908, 50 per cent of the freight earned (excluding earnings on refrigerated cargo, bananas, and large contract shipments of cement or clinkers for the Isthmian Canal Commission) in their respective services between New York, Jamaica, Colombian ports, Colon, and vice versa, are to be pooled on the basis of $77\frac{1}{2}$ per cent to the Hamburg-American Line and $22\frac{1}{2}$ per cent to the Royal Mail Steam Packet Co.

2. A margin of 5 per cent on the above proportions to be allowed each company, and if, at the end of the year, it should be found that the actual total earnings of each company have amounted to less than the respective proportions of $72\frac{1}{2}$ per cent by Hamburg-American Line and $17\frac{1}{2}$ per cent by Royal Mail Steam Packet Co., then the difference between these minimum proportions and the proportions actually earned shall be adjusted in accordance with the following example:

If Hamburg-American Line shall only have earned say 70 per cent of the total earnings of both companies, they shall pay to the Royal Mail Steam Packet Co. one-half of $2\frac{1}{2}$ per cent of the pooled freight.

On the other hand, if the Royal Mail Steam Packet Co. shall only have earned say 15 per cent of the total earnings of both companies, they shall pay to the Hamburg-American Line one-half of $2\frac{1}{2}$ per cent of the pooled freight.

¹ A memorandum of these three agreements was submitted in evidence by Mr. Christian J. Beck, Freight Traffic Manager of the Hamburg-American Line at New York, and may be found in vol. 1, pp. 524 to 530, inclusive.

It is also agreed to ascertain, month by month, the quantity of cargo carried by the respective lines, with a view to arrange carriage in the agreed proportions as far as possible.

Pursuant to the above pooling arrangement, section 4 of the supplementary agreement of October 7, 1908, stipulates that inward and outward manifest sheets (these to show actual rates charged shippers) of both lines between New York and Jamaica, Isthmus of Panama, west coast of South and Central America and Colombia, be sent to the principals in London and Hamburg, and that copies be interchanged between the companies at New York. On August 29, 1910, however, it was agreed that the exchange of voluminous manifests might be dispensed with, and summaries in accordance with a form mutually adopted by the New York representatives of the lines, be substituted therefor. Each line, however, reserves full right of access to the others' manifests for inspection, if desired. (Vol. 1, p. 525.)

(2) A joint freight tariff is to be agreed upon by the agencies of the companies in New York, subject to amendment by mutual consent (section 3 of the agreement of February 21, 1908, and section 5 of the agreement of October 7, 1908). Similarly, section 14 of the passenger agreement between the lines specifies the rates for various classes of passengers, and definitely prescribes the commissions to be paid to agents.

(3) The Royal Mail Steam Packet Co. agrees not to extend its service to Haitian ports and Santa Marta, as far as sailings to and from New York are concerned, except that in case of war with the Royal Dutch West India Mail Line, the Royal Mail Steam Packet Co. shall have the privilege of calling at Haitian ports served by the Dutch Line.

(4) So-called "commissions to shippers" are fixed by section 5 of the agreement of October 7, 1908, at 10 per cent in the voyage from New York to Colombia, and 5 per cent from Colombia to New York. These commissions to shippers for the first 6 months shall be paid at the end of 12 months, and thereafter every 6 months, so that 6 months' commissions will always remain in hand. In this connection the agreement expressly states that "shippers shall be obligated to support the Atlas and Royal Mail lines only." Unless by special agreement between the shippers and the lines, no claims for these rebates will be paid unless they be filed with the respective

companies not later than six months after they have been earned. The companies also agree to disclose to each other all their rebate agreements not in accordance with the provisions of this agreement and to notify shippers that the present rebate agreements will be operative over both lines until their expiration, and that upon expiry the same will be renewed only on the basis of the new agreement. Mr. W. G. Sickel, Vice Director of the Hamburg-American Line, advised the Committee by letter that the deferred rebate agreement is not violated when shipments are made by the United Fruit Co.

Mr. C. J. Beck, Freight Traffic Manager of the Hamburg-American Line at New York, testified that the aforementioned agreements have been renewed and are in existence to-day. (Vol. 1, p. 531.) He further stated that while the Royal Mail Steam Packet Co. and the Hamburg-American Line have no written or verbal agreement with the United Fruit Co., which operates to all of the aforementioned Colombian ports, the latter is acting in accord with the other lines. His testimony is to the effect that it is tacitly understood that the United Fruit Co. will observe the same rates and conditions as the other lines, with the exception that it does not participate in the pooling arrangement, and that while it follows the rates there is no obligation whatsoever to do so. (Vol. 1, p. 531.)

Mr. R. W. Boissevain, General Traffic Manager of the United Fruit Co., likewise testified that his company has no agreement (either written or verbal) with either of the other lines, but that when it entered the trade it came in on an equal basis and has made no attempt to cut rates. It is tacitly understood without any prearranged agreement, according to his testimony, that the United Fruit Co. will quote the same rates without being obliged to adhere strictly to the same. This tacit arrangement has existed ever since the United Fruit Co. entered the American-Colombian trade, and the rates on all commodities shipped between New York and Colombian ports in both directions are reported to be practically the same. (Vol. 2, pp. 746-747.) In its replies to the Committee's Schedule of Inquiries, the Management of the United Fruit Co. states that the verbal understanding between its company and the other companies is such that "it will discuss with them proposed changes in rates before the same are made effective in order to maintain stability in rates, which is

essential to the interests of shippers as well as the steamship companies. The object is that each company may be advised in advance of any proposed changes by the other lines, but there is no agreement to maintain any rate established by the others. Each company makes and publishes its own rates and is free to adhere to these rates or not, as it may see fit."

Agreements in the Traffic Between the Atlantic Seaboard of the United States and the West Coast of South America, via Panama.

Agreements in the southbound traffic.—Southbound, the regular steamship service to the ports of Colombia, Ecuador, Peru and Chile is confined to the following lines:

(1) The Royal Mail Steam Packet Co.; the Hamburg-American Line (Atlas Service); the United Fruit Co.; and the Panama Railroad Steamship Co., operating from New York via the Panama Railroad Co., the freight being transshipped at Panama to the South Pacific ports by the Pacific Steam Navigation Co. (now amalgamated with the Royal Mail Steam Packet Co.); the Compañía Sud Americana de Vapores (Chilean Steamship Co.); and the Peruvian Steamship Line.

(2) The United Fruit Co.'s service from New Orleans via Panama.

(3) The Munson Line, with sailings from Baltimore to Colon, and occasional sailings from New York. This line, however, has no tariff, and does not handle through shipments to South America. It is operated entirely in connection with separate contracts on materials going for the account of the Isthmian Canal Commission, and only handles such freight as is offered in large lots. Mr. Chester B. Kellogg, General Freight Agent of the Munson Steamship Line, testified that the line handled this traffic solely on account of the building of the Panama Canal, and has not developed any general cargo business.

All of the lines operating from New York have adopted the Government's tariff, viz., The Panama Railroad Co.'s tariff, which at the time of the Committee's investigation was "Freight Classification and Tariff No. 7," effective July 30, 1912, and applying to approximately 50 ports on the west coast of South America. Each company makes and publishes its own tariff; but the tariffs of all the lines, furnished to the Committee in response to its request for the current

rates, agreed in date and were identical in every respect with the exception of the title page.

Moreover, according to the statement of the United Fruit Co.'s management, there is a verbal understanding between it and the other lines to the effect that it will discuss with them proposed changes in rates before the same become effective, with a view to maintaining stability in rates and keeping each line advised in advance of any proposed changes by the others. But while all the lines have adopted the Panama Railroad Co.'s tariff, the United Fruit Co. emphasizes the fact that "there is no agreement to maintain any rate established by the others," and that "each company makes and publishes its own rates and is free to adhere to these rates or not, as it sees fit." In this connection it should also be noted that the United Fruit Co. observes the same rates in its New Orleans to Colon service as are charged by the New York lines, and that there is a "tacit understanding between the lines" that the rates from New Orleans shall be the same as from New York. (Testimony of C. J. Beck, vol. 1, p. 535.) Mr. C. W. Munson, in his replies to the Committee's Schedule of Inquiries, also states that "the Munson Steamship Line has a verbal understanding with the lines running out of New York to Colon, by which it confines its Colon sailings from north of Hatteras ports to the port of Baltimore. There is no agreement as to making or maintaining rates of freight, but the line tries to secure, as nearly as possible, out of Baltimore, the same rates as are secured out of New York."

Reference should also be made to the pooling and supplementary agreements between the Royal Mail Steam Packet Co. and the Atlas Service of the Hamburg-American Line, covering the entire West Indian and Central American traffic of these companies. The essential features of these agreements were explained in connection with the traffic to the Caribbean ports of Colombia, and need not be repeated. With special reference to the New York-Colon traffic, however, it is important to note that the agreements do not make provision for the payment of deferred rebates, as is the case in the traffic to and from Colombian ports. Moreover, the original agreement, besides specifying rates for all classes of passengers to and from Colon, stipulated that the parties agreed to run their passenger steamers between New York and Colon alternately as far as possible. On August 29, 1910, however, this last provision was altered and the

Royal Mail Steam Packet Co. gave the Hamburg-American Line the right to take passengers between New York and Colon by each of its weekly departures. (Vol. 1, p. 525.)

The aforementioned rate understanding between the lines operating from New York came into existence as soon as the second line entered the trade. Until the Hamburg-American Line established its service, the Panama Railroad Steamship Co. was the only one in operation between New York and Colon. When, therefore, the Hamburg-American Line entered the trade, it was with the distinct understanding that it would not disturb the tariffs which then existed on business to the West Coast of South America; and the Royal Mail Steam Packet Co. and the United Fruit Co., which subsequently started a service, also saw fit to observe the Government's tariffs. (Vol. 1, p. 534.) None of the lines, as they entered the trade, had any disposition to secretly cut rates and start a rate war; and, therefore, all the lines at the outset gave assurance to the other line or lines already in the trade that they had no intention of cutting existing rates, or of changing rates subsequently without giving due notice. The attitude of the lines in this respect is well illustrated by the policy of the United Fruit Co., the last to begin a service, as explained by its President, Mr. Andrew W. Preston. He testified (vol. 1, p. 712) that:

When the United Fruit Co. entered actively into the transportation business in the Caribbean Sea about the beginning of 1904, it found there three established regular lines, namely, the Panama Railroad Steamship Line, the Hamburg-American Line, and the Royal Mail Line. These companies had practically the same rates of freight between the United States and Central and South American points. It was not the policy of this company, in entering that business, to start a rate war or secretly to cut rates, or otherwise conduct its business except in a legitimate and proper manner, and assurances were given the older lines that it was not the intention of this company to do any of the things mentioned, but that any changes it might make in the prevailing rates would be public and previously made known to them. However, this company has in no wise obligated itself, and is not obligated, to any steamship company to maintain any set of rates, and is free at any time that it deems proper to make whatever rates it may see fit.

Agreements in the northbound trade.—On business from the west coast of South America to New York the west coast carriers, viz., The Pacific Steam Navigation Co. and the Chilean and Peruvian Steamship Lines, fix the tariff. Each of the four lines on the Atlantic side of the Isthmus is said to receive the same proportion

of the through rate, which the Committee is advised is approximately 30 per cent. As in the southbound trade so also in the northbound trade the rates are the same by all the lines. In response to the Committee's request for current rates to New York, several of the Atlantic lines furnished a copy of the Joint Tariff of the Pacific Steam Navigation Co. and the Chilean Steamship Co. (dated March 27, 1912), naming rates from Peruvian and Chilean ports via all of the Atlantic lines. Separate tariffs of the Pacific Steam Navigation Co., providing for transshipment at the Isthmus via all of the Atlantic lines, were also furnished naming (1) rates from Colombian ports to New York, (2) rates from Ecuadorian ports (excluding Guayaquil), and (3) rates from Guayaquil. The freight agent of the Panama Railroad Steamship Co. also advised the Committee by letter that the Peruvian Steamship Line accepts cargo from Peruvian ports and Guayaquil for New York, and that the freight rates of this line are the same as those applying by the Pacific Steam Navigation Co. and the Chilean Steamship Co.

In addition to the close relations between the west coast carriers as indicated by the foregoing tariffs, the Committee has been advised by several American Consular representatives that the lines are acting under an agreement. The reports received by the Committee are the following:

Mr. Rutherford Bingham, Chargé d'Affaires ad interim, at Quito, Ecuador, reports that:

It is generally understood that all steamship lines on the west coast of South America have traffic agreements, either written or tacit, for fixing and maintaining freight and passenger rates. (Vol. 3, p. 235.)

Mr. H. C. Howard, American Minister to Peru, reports that:

The three lines running between Callao and Panama, carrying the commerce of the United States through transshipment at the Isthmus, are the Pacific Steam Navigation Co., the Compañia Peruana de Vapores y Dique del Callao, and La Compañia Sud Americana de Vapores. They have formed agreements regarding passenger and freight rates. As a result freight rates are high and passenger rates are unusually high, considering the poor accommodations furnished. (Vol. 3, p. 236.)

Mr. W. H. Robertson, consul General at Callao, Peru, reports that:

The only lines running from Callao to Panama carrying the commerce of the United States through transshipment are the Pacific Steam Navigation

Co. (British), La Compañía Peruana de Vapores y Dique del Callao (Peruvian), and La Compañía Sud Americana de Vapores (Chilean). These companies have fixed agreements as to both passenger and freight rates in order to avoid disastrous competition. Beyond this, I am told that they have no community of interests of any sort as is specified in question 1 of the department's circular. These rates themselves, as published by the companies, entirely reflect the essential features of the agreement. (Vol. 3, p. 238.)

Mr. Alfred A. Winslow, American Consul at Valparaiso, Chile, reports that:

It is generally understood that the steamship lines plying between Valparaiso and the Canal Zone have an understanding as to rates, sailings, etc., if not a written agreement, which has the effect of making the two lines one, so far as American business is concerned. (Vol. 3, p. 229.)

Relations Between the Lines Operating from New York to the West Coast of South America, and Vice Versa, via the Straits of Magellan.

Nature of trade and the method of determining rates in the south-bound traffic.—Three lines control the traffic from New York to the west coast of South America via the Strait of Magellan, viz, the New York and Pacific Steamship Co. (commonly known as the "Merchants' Line," and operated by W. R. Grace & Co.), the West Coast Line (operated by Wessel, Duval & Co.), and the New York & South America Line (a branch of the United States Steel Products Co.). These lines secure nearly all of the rough cargo, usually in large lots, such as lubricating oil, cheaper classes of dry goods, wax, naval stores, lumber, cement, pipe, machinery, iron, steel, cars, locomotives, etc., whereas the finer freight goes mainly via the Panama route. (Vol. 1, pp. 467, 468.)

As contrasted with the Panama route, the trade via the Straits of Magellan presents two other essential differences. In the first place, all of the three aforementioned lines are primarily private carriers, and only engage freight for shippers because it enables them to make more frequent dispatches. The Committee is advised that the "Merchants' Line" carries on an average about two-thirds of its cargo for its own account, and only one-third for outside shippers. In the case of the West Coast Line and the New York & South America Line, the proportions of the total cargo representing freight of outsiders are 40 per cent, and 40 to 60 per cent, respectively, (Vol. 1, pp. 490, 495.) Secondly, the three lines have apparently avoided any actions that resemble agreements or gentlemen's under-

standings as to rates in the southbound trade, and in this respect present one of the very few exceptions to the general rule. In reply to the Committee's Schedule of Inquiries the management of each of these lines certifies to the fact that the line has not entered into any agreement or understanding with any of its competitors, either via the Strait of Magellan or Panama. Messrs. M. Bouvier, Robert Jaffray and John W. Ryan, representing respectively W. R. Grace & Co., Wessel, Duval & Co., and the New York & South America Line have, likewise, in their testimony before the Committee, most emphatically denied the existence of any written or implied agreements in this trade. (Vol. 1, pp. 466; 479-80; 494.) In fact, when asked why he did not follow the general rule and effect a rate agreement or understanding with his competitors, especially when he acknowledged the desirability of having such an arrangement, Mr. Bouvier answered: "That is a very grave question; it is a question whether that is permitted or not." (Vol. 1, p. 479.)

While the statements furnished to the Committee are to the effect that there is no arrangement whatsoever between the lines constituting this group it does appear that there is no rate cutting and that the lines are on the most friendly terms with each other. Mr. Allerton D. Hitch, representing the exporting firm of Hagemeyer Trading Co., stated that while there seems to be a good deal of competition in the getting of freight, he has found the rates of the several lines about the same (vol. 1, p. 126); and Mr. Jaffray, representing the West Coast Line, testified that the position of his line is well known in the market and that it desires to charge the rates that are charged by the other lines (vol. 1, p. 485), and that he did not recall any instance when his line had taken freight from a shipper at a lower rate than such shipper had been quoted on that same freight by the "Merchants' Line" (vol. 1, p. 481). None of the lines issue a printed tariff of rates, but the "Merchants' Line" and the West Coast Line, in response to the Committee's request under date of September 13, 1912, for their current rates southbound, furnished detailed typewritten lists of rates. These rates were found upon comparison to be absolutely the same for the two lines. All the lines have adopted the classification issued by the steamship companies operating to the west coast of South America via Panama, viz., the classification adopted by the Panama Railroad Steamship Co.

Owing to the much longer voyage, however, the rates are considerably lower than those charged via Panama.

Briefly summarized, the testimony shows that the rate situation between the lines is adjusted in the following manner: W. R. Grace & Co., whose "Merchants' Line" is the most powerful in the trade (the number of its sailings being equal to and sometimes exceeding the combined sailings of the other two lines), determines the tariff of rates, and Wessel, Duval & Co., operating the West Coast Line, adopt these rates in full, or follow them as closely as possible. On the one hand, Mr. Jaffray testified that he had no hesitancy in requesting W. R. Grace & Co. to supply him with a copy of their tariff and was given the same, and that his firm always advises shippers that if they will supply a share of their freight it will be carried at the current rates charged by the other lines. (Vol. 1, p. 480.) On the other hand, Mr. Bouvier, while denying any conference relations with Wessel, Duval & Co., explained that his firm knows through shippers and brokers what the West Coast Line is doing at all times in the matter of rates, and that the line must quote approximately the same rates that the "Merchants' Line" does. (Vol. 1, p. 469.)

Mr. Bouvier further testified that he made the list of rates submitted to the Committee when the Panama Railroad Steamship Co. last altered its rates, and that the same was made by taking under consideration the English tariff and the Panama tariff, and reducing rates so as to make them competitive. His rates, he stated, are less than either those of the Panama or English lines. (Vol. 1, p. 466.) Mr. John W. Ryan, representing the New York & South America Line, advised the Committee by letter that his line uses the government tariff, that the rates charged will average approximately 20 per cent lower than the Panama Railroad Steamship Co.'s rates, and that it is the policy of his line whenever possible to give shippers from the United States the same rates as obtained by shippers from Europe.

Contracts with shippers in the southbound trade.—Much of the freight from the United States is carried under informal contracts for firms which have large interests on the west coast of South America. Such firms are, as a rule, given a fixed rate per ton for a specified period on all their shipments in bulk. These large block shipments often consist of different kinds of material which are not

necessarily known to the steamship line beforehand, and the rate applies to the whole bulk of merchandise without regard to the rates which would be charged on particular articles if offered separately for shipment. It follows that the average contract rate on articles included in the large bulk consignment might be lower than the rates applying to the same articles when sent by exporters who are unable to furnish large combination cargoes. (Vol. 1, p. 487.)

Furthermore, in at least one important instance, special rates are given to a large corporation. Mr. M. Bouvier testified that with the exception of the United States Steel Corporation, the "Merchants' Line" treats all shippers alike in the matter of rates at a given time. The United States Steel Corporation, however, furnishes a very large tonnage, and while there is no agreement for the exclusive handling of the freight, the "Merchants' Line" gives this corporation rates (which are in writing) about 15 per cent below the rates offered to other shippers. While the United States Steel Corporation has not bound itself to supply a definite amount of tonnage in consideration of the special rates, Mr. Bouvier explained that his line can obtain all the freight it wants from the corporation. (Vol. 1, pp. 490-492.)

Relations between the lines in the northbound traffic.—The trade from the west coast of South America to the Atlantic seaboard of the United States via the Straits of Magellan, is confined to the same lines that control the southbound trade. Judging from the reports of American Consular representatives, the lines appear to be working in close harmony. The reports received by the Committee are the following:

Mr. H. C. Howard, American Minister to Peru, reports that:

The steamship lines maintaining a direct service between Peru and the east coast of the United States are the New York & Pacific Steamship Co., the New York & South America Steamship Co., and the West Coast Line. These lines have formed an agreement regulating freight rates, but this agreement has not been entered upon for the purpose of destroying competition, it is claimed, but rather for the purpose of preventing competition from becoming so active, by additional competitors entering the field, as to be ruinous. The rates are not published, being quoted upon application, and under the existing agreement are uniform for the three lines. (Vol. 3, p. 236.)

Mr. W. H. Robertson, Consul General at Callao, Peru, states that:

I am informed that these three lines have an agreement as to freight rates to this coast, but that it amounts to nothing more serious than an adjustment of rates to those adopted by the west coast shipping companies of Europe in

their various conferences there. In other words, the chief object of this tripartite agreement is to keep rates at such a figure that the European lines will not be tempted to put on steamers of their own in competition in this trade. (Vol. 3, pp. 237-238.)

Mr. Alfred A. Winslow, Consul at Valparaiso, Chile, reports that:

There seems to be some understanding between the steamship lines plying between the Atlantic coast of the United States and the west coast of South America, for there is very little, if any, cutting of rates, so far as I can learn. In fact, it is almost impossible to get rates quoted here on freight from the United States. The inquirer is referred to the New York office, unless it be a special matter, when the rate will be ascertained for the party, if of sufficient importance. (Vol. 3, p. 229.)

Relations between the lines engaged in the trade between the Pacific ports of the United States and the west coast of South America.—At this point brief reference might be made to the two direct steamship services between Pacific ports of the United States and Pacific ports of South America, viz., the New York & Pacific Steamship Co. ("Merchants' Line") and the Kosmos Line (affiliated with the Hamburg-American Line and operating to and from San Francisco and Puget Sound ports). The Pacific Mail Steamship Co. also engages in this traffic from San Francisco by transshipment at Panama via the Pacific Steam Navigation Co., the Chilean Steamship Co., and the Peruvian Steamship Co. Reports to the Committee from American Consular representatives seem to indicate that these lines have not entered into any agreements with each other. (Vol. 3, pp. 235, 236, 237.) As regards Peru, the Kosmos Line does not stop at Callao on the northbound voyage (vol. 3, p. 239), while from the Chilean ports to the Pacific ports of the United States the rates are regulated by the rates quoted by the Kosmos Line (vol. 3, p. 230).

CHAPTER VII.

AGREEMENTS IN THE AMERICAN-MEXICAN AND CENTRAL AMERICAN TRADE.

Traffic between the Atlantic and Gulf ports of the United States and eastern ports of Mexico and Central America.

The relations between the various steamship lines operating between eastern and southern ports of the United States and eastern ports of Mexico and Central America can be best explained by considering separately the trade routes to and from each country. In this respect the order of treatment will be arranged in accordance with the geographic location of the markets, beginning with Mexico on the north and ending with Costa Rica on the south.

Mexico.—The steamship lines operating between the United States and eastern Mexico are the following: New York & Cuba Mail Steamship Co., American-Hawaiian Steamship Co., Wolvin Line, Atlantic & Mexican Gulf Steamship Co., Montes Line, Atlantic Fruit & Steamship Co., and American & Cuban Steamship Co. With the exception of the last two, all of the above-mentioned lines have answered the questions contained in the Committee's Schedule of Inquiries. All state that they are not parties to any agreement or understanding with any other navigation companies. In the following enumeration of routes, however, it will be observed that in only a few instances does more than one line operate over a given route. The following facts, as summarized from the Exporters' Encyclopedia for 1912, the reports of American Consular representatives and the answers of the lines to the Committee's Schedule of Inquiries, may be noted with reference to eastern Mexican ports.

1. As regards Tampico, Mr. C. A. Miller, American Consul at the port, reports (Vol. 3, pp. 267-269) that there is practically no competition in the trade from ports of the United States. The New York & Cuba Mail Steamship Co. (Ward Line) carries practically all the exports from New York, while the American & Cuban Steamship Co.'s steamers from New York during the past two years have carried principally the products of the United States Steel Corporation.

From New Orleans and Texas ports to Tampico the Wolvin Line is the only carrier. Similarly, the export trade from Tampico is carried almost entirely by the Ward Line to New York and the Wolvin Line to New Orleans and Texas points. With reference to the Ward Line's alleged affiliation with the Conference of West India Atlantic Steamship Companies, Mr. Miller reports as follows, but it should be stated that the line makes no mention of the matter in its replies to the Committee's Schedule of Inquiries:

Some cargo to and from European points is carried by the Ward Line between New York and Tampico. It is on account of this fact that the Ward Line belongs to the subconference of the West India Atlantic Steamship Companies. * * * This conference has a confidential tariff, the last number of which became effective January 1, 1913. This tariff gives a minimum rate for shipments from Tampico, Vera Cruz and Puerto Mexico to European points, and while the companies do not always use these rates, they can not give a lower rate. By joining this conference the Ward Line gets the National Railways to quote through rates from interior points to New York via Tampico, Vera Cruz and Puerto Mexico. These rates are official tariffs and must be approved by the Secretaria of Comunicaciones of Mexico. The tariffs are published in the official papers in Mexico City, and copies are sent by the railroad to the interested parties. (Vol. 3, pp. 267-268.)

2. The situation with reference to Vera Cruz is similar to that just explained for Tampico, the New York & Cuba Mail and the American & Cuban Steamship Co. operating from New York and the Wolvin Line from Texas points and New Orleans. Until recently the Atlantic & Mexican Gulf Steamship Co. conducted a service from New Orleans via Port Arthur and Galveston to Tampico, Vera Cruz, Puerto Mexico and Laguna, returning direct or via Progreso to New Orleans. This service, however, the line has advised the Committee under date of October 10, 1912, has been discontinued. Attention is also called to the report of Mr. Wm. W. Canada, Consul at Vera Cruz, to the effect that:

There is an agreement in regard to through freight rates between the Ward Line Harrison Line, Leyland Line, Wolvin Line, Hamburg-American Line, French Transatlantic Line, Spanish Transatlantic Line, and the National Lines of Mexico and the Mexican Railway by which reduced through rates are made to shippers over these lines. The railways named will not accept through bills of lading except they be from lines in this conference; however, any line running on regular schedule into this port can join the conference. * * * The agreements between the railways and steamship companies running out of the port seem rather to be a benefit to shippers than otherwise, as all lines running regularly to this port belong to the conference and are thus enabled to issue through bills of lading. (Vol. 3, p. 271.)

3. From New York to Puerto Mexico the trade is handled by the American-Hawaiian Steamship Co. and the New York & Cuba Mail Steamship Co. (the latter line being run principally via Cuba), and from Texas ports and New Orleans by the Wolvin Line. The American-Hawaiian Line advised the Committee under date of August 30, 1912, that: "The quantity of freight moving between New York and Puerto Mexico is such a small proportion of a cargo that it is not necessary to control the quantity or character of cargo by the medium of flexible rates, and we have therefore a regular tariff for this service." It may be added that in its enumeration of competitors, called for by the Committee's Schedule of Inquiries, the American-Hawaiian Line did not include the New York & Cuba Mail Steamship Co.

4. As regards the other eastern Mexican ports the New York & Cuba Mail Line and American and Cuban Steamship Co. connect New York with Progreso, Frontera, Tuxpan, Laguna and Campeche; the Atlantic Fruit & Steamship Co. operates between Galveston and Frontera; and the Atlantic & Mexican Gulf Steamship Co. between Mobile and Progreso. In answer to the Committee's inquiry the Montes Line states that it is the only line making a regular run between New Orleans and Progreso.

British Honduras.—With the exception of Orr-Laubenheimer Co., which operates a single steamer between Mobile and Belize, Punta Gorda and Stann Creek, the trade between these ports of British Honduras and the United States is carried by the United Fruit Co.'s New Orleans and New York services. The testimony (vol. 1, p. 733, and vol. 2, pp. 750–751), as well as the replies of the Managements of the two above-mentioned lines to the Committee's Schedule of Inquiries, shows that there is no agreement or understanding between the two companies at present, although a few years ago the United Fruit Co. owned at least one-half of the stock of Orr-Laubenheimer Co. (vol. 1, p. 735). Mr. R. W. Boissevain, General Traffic Manager of the United Fruit Co. testified that "there is hardly any competition" between the lines (vol. 2, pp. 750, 751); and Mr. Wm. L. Avery, American Consul at Belize, reported that Orr-Laubenheimer are allowed to operate "without opposition by the greater line (United Fruit Co.) and are evidently in friendly agreement with it" (vol. 3, p. 274).

Guatemala.—With the exception of the Orr-Laubenheimer Co.'s very limited fortnightly service between Mobile and the Guatemalan ports

of Puerto Barrios and Livingston (via the ports of British Honduras), the trade to and from these ports is also controlled by the United Fruit Co.'s New York and New Orleans services. The relation of these companies was explained in connection with the trade to and from British Honduras, and it may be added that the current rates for the southward voyage, as furnished to the Committee, were the same for both lines. Moreover, Orr-Laubenhheimer Co. advised the Committee by letter that their freight from Central America to Mobile is almost wholly confined to their own importations of bananas and that they carry only an occasional shipment of chicle and coffee.

The dominant position of the United Fruit Co. in the American-Guatemalan trade is well described by Mr. H. R. Wilson in his report to the Committee under date of May 17, 1912. (Vol. 3, pp. 277, 278.) It is here explained that the Guatemala Railroad (extending from the port of Puerto Barrios to the city of Guatemala), although not owned by the United Fruit Co., is largely controlled by the same people that control the steamship company and that, for the most part, the interests of the two companies are identical. Besides asserting that it is currently reported in Guatemala that the United Fruit Co. dominates the Orr-Laubenhheimer Line to Mobile, Mr. Wilson reports the following:

By the terms of the construction contract between the Guatemala Railroad and the Government of Guatemala the railroad owns the pier at Puerto Barrios and 1 mile of beach on both the upper and lower sides thereof, covering practically the entire beach available for docking purposes. Since the road is controlled by the same group that controls the United Fruit Co., it can be easily seen that the fruit company can virtually control the commerce of the country by the port of Puerto Barrios, as competing steamship lines may be so hampered in their docking facilities as to render calls at the port entirely impracticable.

The Guatemala Railroad has recently bought the complete control of the Guatemala Central Railroad and all its holdings to the west and south of Guatemala City, thus placing all the roads of the country under the same management. It is too early as yet to foresee the results of this entire monopoly of the railroads by the interests allied to the United Fruit Co. But as a result of the monopoly by the same interests controlling the Atlantic traffic the rates are already very high on shipments from the United States and are the cause of much complaint in the country. It is generally thought that the heavy rates cut down very materially the commerce which might be built up between Guatemala and the United States. (Vol. 2, p. 278.)

Spanish Honduras.—Four lines operate between the ports of Spanish Honduras and ports of the United States, viz:

(1) The United Fruit Co., with the following services: a fortnightly steamer from New York to Puerto Cortez and various

other Central American ports, returning directly to New York; a weekly steamer from New Orleans to Puerto Cortez via Belize and Puerto Barrios, returning over the same route; a weekly steamer from New Orleans to Tela (Honduras) via Ceiba (Honduras), and return; a weekly steamer from Mobile to Tela via Ceiba, and return; and one or two steamers per week from Mobile to Puerto Cortez, Limon or Boca del Toro.

(2) The Atlantic Fruit & Steamship Co. with an irregular service to Puerto Cortez from New York and New Orleans.

(3) The Hubbard-Zemurray Steamship Co. with a service between Mobile and Puerto Cortez.

(4) Vaccaro Bros. & Co. with a service between New Orleans and Ceiba.

The competition encountered by the United Fruit Co. from the other three companies engaged in this trade is relatively unimportant. Mr. R. W. Boissevain testified that, as compared with the other lines, the United Fruit Co.'s steamers are so much larger and its service so much more regular and frequent that very little cargo is carried by the other lines, and that "they are not really a factor in the trade." (Vol. 2, pp. 751, 752.) It may be added that the United Fruit Co. financed and helped to organize Vaccaro Bros. & Co. and until a few years ago held a half interest in the company. (Vol. 1, p. 739.) Similarly, the Hubbard-Zemurray Steamship Co. was organized by the United Fruit Co., which until 1907 owned 60 per cent of its stock. (Vol. 1, pp. 735, 736.) Within the last few years, however, the United Fruit Co. is said to have disposed of its entire interest in both the Hubbard-Zemurray Steamship Co. and Vaccaro Bros. & Co. (vol. 1, pp. 736, 739), and according to the replies filed with the Committee in answer to its Schedule of Inquiries there is now no agreement or understanding between any of these companies. Mr. Joseph Di Giorgio, President of the Atlantic Fruit & Steamship Co., also stated that his line does not compete with the United Fruit Co. in the trade to and from Spanish Honduras, and is not to be regarded as a public carrier. (Vol. 1, p. 796.)

Nicaragua.—The United Fruit Co. and the Atlantic Fruit & Steamship Co. operate between New Orleans and Bluefields, but the latter company's freight business, according to its President, has practically been confined to shipments consigned to a single com-

mercial house controlled by the company. (Vol. 1, p. 796.) The position of the United Fruit Co., therefore, appears to be as dominant in this trade as in all the foregoing Central American markets.

Costa Rica.—Two regular lines connect Limon with the ports of the United States, viz., the Hamburg-American Line (Atlas Service) and the United Fruit Co. The Hamburg-American Line conducts a weekly service between New York and Limon via ports of Jamaica, and a monthly service to Boca del Toro (Panama); while the United Fruit Co. operates (1) a weekly steamer from New York to Limon via Jamaica, Colon and Boca del Toro, returning over the same route with the exception of the call at Boca del Toro, (2) a weekly steamer from Boston to Costa Rica returning direct to Boston, (3) a weekly steamer from New Orleans to Colon via Puerto Barrios and Limon returning over the same route, and (4) one or two steamers per week from both Mobile and Galveston to Puerto Cortez, Limon or Boca del Toro direct.

The traffic between New York and Limon is governed by the agreement of February 21, 1908,¹ between the Atlas Service and the Royal Mail Steam Packet Co. and the tacit understanding¹ by which the United Fruit Co. observes the same rates and conditions as the other two lines, with the exception of the pooling arrangement. This relationship between the lines was confirmed by Mr. Chester Donaldson, American Consul at Limon, who reported to the Committee that in the trade to the United States the United Fruit Co. is the principal carrier, that it establishes the rates, and that the other lines carrying freight from the port charge these rates. (Vol. 2, p. 276.) Moreover Section 5 of the agreement of February 21, 1908, between the Atlas Service and the Royal Mail Steam Packet Co. provides that:

As regards Port Limon it is not the intention of the Royal Mail Steam Packet Co. to extend their present services to that port, but they reserve the right to call there, and in the event of any steamers of the Royal Mail Steam Packet Co. requiring to call, it is agreed that the two companies shall meet and endeavor to make such arrangements as will least interfere with the interests of each other.

¹ This agreement between the Atlas Service and the Royal Mail Steam Packet Co. is discussed on pages 176-180 of the chapter on "Agreements in the Trade Between the United States and South America." The nature of the tacit understanding, under which the United Fruit Co. conforms to the rates and conditions of the agreement of February 21, 1908, with the exception of the pooling arrangement, is described on pages 181 and 182 of the same chapter

Traffic Between New York and the West Coast of Central America and Mexico via the Isthmus of Panama.

According to letters received by the Committee from the Managements of the Atlantic lines operating between New York and Panama via the Panama Railroad Co.—viz., the Panama Railroad Steamship Co., the Hamburg-American Line (Atlas service), the Royal Mail Steam Packet Co. and the United Fruit Co.—it appears that all these lines transship their New York cargo by the Pacific Mail Steamship Co. for distribution to Central American and Mexican ports on the Pacific. The current tariffs furnished by these Atlantic lines were found to be the same for all the ports reached. Mr. C. J. Beck, in testifying for the Hamburg-American Line, asserted that all the freight of this line destined to west coast ports of Central America and Mexico is transshipped by the Pacific Mail Steamship Co. He also stated that this business is controlled by the same rate understanding which governs the four Atlantic lines in connection with the trade between New York and the west coast of South America. (Vol. 1, p. 535.)¹ One prominent firm, exporting largely from New York to western Central America, expresses the situation as follows:—

We find that the facilities for shipment from New York to Panama are quite adequate, in fact there is usually an opportunity two or three times a week. The principal complaint that we have to make is that there is only one common carrier available for us from Panama to our ports of entry on the west coast of Central America. It has a schedule showing semi-monthly sailings but this is not always to be depended upon. No competition is offered because, as we understand it, the rates of all the carriers from New York to Colon are subjected to a traffic arrangement with the railroad company operating from Colon to Panama and the one carrier referred to on the Pacific. We have been informed that this traffic arrangement is the same with all the lines on the Atlantic plying to Colon, so that all the Atlantic lines have an arrangement to maintain equal rates and consequently there can be no real competition.

The Hamburg-American Line and the Royal Mail Steam Packet Co. have also advised the Committee that in the traffic from Pacific ports of Central America and Mexico to New York they use the Pacific Mail Steamship Co.'s Freight Tariff No. 25, applying from "Mexican and Central American ports to New York via the Isthmus of Panama in connection with the Panama Railroad Co. and the Panama Railroad Steamship Co."

¹ For a discussion of the rate understanding between the Atlantic lines operating via the Isthmus of Panama see page 180 of the chapter dealing with "Agreements in the trade between the United States and South America."

Traffic between Pacific Coast Ports of the United States and the West Coast of Central America and Mexico.

Enumeration of steamship lines and the relations between these lines.—Five steamship lines control the trade coming under this heading, viz:

(1) The Pacific Mail Steamship Co. (an American corporation), maintaining a service between San Francisco and Panama and calling at the intermediate ports of Mazatlan, San Blas, Manzanillo, Acapulco, Salina Cruz, (Mexico); Ocos, Champerico, San Jose, (Guatemala); Acajutla, La Libertad, La Union, (Salvador); Amapala, (Honduras); Corinto, San Juan del Sur, (Nicaragua); and Punta Arenas, (Costa Rica).

(2) The Kosmos Line (a German corporation), operating steamers between Puget Sound and Europe via the Strait, of Magellan, and calling at the intermediate port of San Francisco as well as nearly all Mexican, Central American and South American ports.

(3) The Salvador Railway Co. (an English corporation), maintaining a steamship service to the various Pacific ports of Central America from Corinto (Nicaragua), on the south, to Salina Cruz (Mexico), on the north, transshipping San Francisco cargo at Salina Cruz to the American-Hawaiian Steamship Co. and the Kosmos Line.

(4) The Mexican National Steamship Co., operating a line along the Pacific coast of Mexico to Salina Cruz, with transshipment at this port to the American-Hawaiian Steamship Co. This company has a traffic arrangement with the American-Hawaiian Line.

(5) The Jebsen Line, operating at present only one steamer. This company, according to information furnished by the management of the Pacific Mail Steamship Co., is a competitor only as concerns business between San Francisco and Mazatlan (Mexico).

Of the aforementioned services the Pacific Mail Steamship Co. is by far the most important; and according to the replies of Mr. R. P. Schwerin, its Vice President, to the Committee's Schedule of Inquiries, this company has no traffic or rate agreement with any of the other lines operating between American Pacific coast ports and the ports of Mexico and Central America. But while the existence of any

agreements or understandings between the lines has been denied by the steamship interests, the freight tariffs of the lines, as well as the statements of American Consular representatives and certain important importing firms at San Francisco, indicate that the Pacific Mail Steamship Co. is the dominant power in the trade and that the other lines adopt its rates and refrain from antagonizing its interests. Briefly summarized the following sources of information would seem to warrant this conclusion.

1. The tariffs of the Pacific Mail Steamship Co. (Freight Tariff No. 58, dated November 25, 1912), and the Kosmos Line (Freight Tariff No. 17, also dated November 25, 1912), while differing in form, agree in every respect as regards rates from Central American ports to San Francisco. Both lines also furnished the Committee copies of their published freight tariffs applying from San Francisco and Pacific coast ports to west coast ports of Central America and Mexico. Both tariffs went into effect March 25, 1912, and are identical as to rates. In this connection Mr. Schwerin testified, (vol. 2, pp. 865-866) that the tariffs of the two lines were not, as far as he knew, fixed in conference, and that there is no understanding or agreement that the rates specified therein will be adhered to. Instead, according to this testimony, "the Pacific Mail published its tariff and the Kosmos Line followed it."

2. The reports of Mr. H. R. Wilson, Chargé d'Affaires at Guatemala (under date of May 17, 1912), Mr. A. G. Brown, Vice Consul in Charge at Mazatlan, Mexico (under date of October 16, 1912), and Mr. T. Hinckley, Consul General at San Salvador (under date of November 26, 1912) show that while the lines may not actually have entered into an agreement with each other they conduct their business in such a manner as to give the general impression that they are cooperating under a rate understanding. The following extracts of these reports, pertaining to the west coast business, may be reproduced in this connection:

Mr. H. R. Wilson reports that:

The steamship lines engaged in the trade on the Pacific side of Guatemala—that is, between the Pacific ports of this country and San Francisco—are: the Pacific Mail Steamship Co., the Kosmos Line, and the Salvador Railway Co. The last connects at Salina Cruz with the American-Hawaiian Steamship Co., and by way of Tehuantepec and Puerto Mexico with New York. The prevalent opinion in this city is that a freight agreement exists between these three lines, but I have been unable to ob-

tain a copy of it. However, the freight rate for the most important commodity, coffee, is identical on the three routes, \$9 per ton of 2,000 pounds, to San Francisco. Similarly for the return trip the same rate is charged by all three on flour, \$6.50. But these rates are generally considered not at all unreasonable, taking into consideration the serious weather delays occasioned by the necessity of loading and unloading in the open roadsteads of the Pacific ports. I am therefore of the opinion that their agreement is simply to prevent a ruinous competition among themselves, and is not designed to, nor does it result in, a restriction of trade. (Vol. 3, pp. 276, 277.)

Mr. A. G. Brown reports that:

The only agreement existing between the steamship companies at Mazatlan is the tariff of freight rates between this port and San Francisco. This is done by special agreement between the companies. The parties to this agreement are the Pacific Mail Steamship Co., the Kosmos Line and the Jebsen Line. A copy of the freight tariff is herewith inclosed. An effort is now being made to advance the rates, for it is claimed that they are too low for any money to be made by the companies. (Vol. 3, p. 273.)

Mr. T. Hinckley reports the following with reference to the close cooperation between the lines in the transportation of coffee, the principal article exported from western Central America and Mexico:

The Pacific Mail Steamship Co., the Kosmos Line, and the steamers of the Salvador Railway Co. are co-carriers with the West Indian and Atlantic combine, mentioned on page 9 of the Report of the Royal Commission on Shipping Rings (Cd., 4669, 1909), and consequently grant rebates, but this is done only under certain circumstances on coffee exportations. There are no other kinds of rebates or special privileges granted. Every year the Pacific Mail Steamship Co. and the Kosmos Line form an agreement for the purpose of fixing rates and tariffs, particularly on coffee exportations, and these rates and tariffs are conformed to by the steamers of the Salvador Railway Co. It may be seen that competition is destroyed by agreement by the first two companies mentioned, which operate steamers between Salvadorean and American ports, and that competition could exist, but does not, between these two companies and the company last named, which is engaged in the foreign-carrying trade of the United States between Salvadorean ports and Salina Cruz, Mexico, because it chooses to conform to the fixed rates and tariffs. (Vol. 3, pp. 282-283.)

3. One of the largest importing firms of San Francisco confidentially reported the following to the Committee under date of February 28, 1913, with reference to the relations between steamship lines operating between southern Mexico and Central American republics and San Francisco:

The trade in which we specialize is confined to southern Mexico and the Central American republics, and we have devoted many years to this business. We feel that as regards this entire market we are conversant with the different factors which aid or hinder business in this territory, and of which transportation is a very prominent

one. As you are doubtless aware the steamship lines which carry cargo to and from these countries are the Pacific Mail Steamship Co., the Salvador Railway Co., working from Corinto north to Salina Cruz and transshipping San Francisco cargo to the American-Hawaiian Steamship Co. and the Kosmos Line of Hamburg, Germany. The service announced by the Pacific Mail Steamship Co. is a steamer leaving three times a month from both Ancon and San Francisco, receiving cargo and touching at the principal Central American and Mexican ports in conformity with the sailing schedule issued. The Salvador Railway Co. operates two steamers, sailing every few days from Salina Cruz to the various ports as far south as Corinto. The American-Hawaiian Steamship Co. has steamers practically every six days from Salina Cruz north and frequent opportunities on the southbound run. The Kosmos Line runs very irregularly, furnishing about one steamer per month, some steamers not calling at all at Central American ports either northbound or southbound.

From the above it would seem that, for the tonnage handled, San Francisco is receiving very good service with her southern connections, but as a matter of fact such is not the case. These three lines maintain the same tariff, which to Central American ports is on the basis of \$10 per ton of 2,000 pounds or 40 cubic feet, ship's option, and \$10 per 2,000 pounds on coffee from Central American ports to San Francisco. The Kosmos Line, making so few trips and touching so few ports, is of little importance in the Central American trade to San Francisco. The Salvador Railway Co. is very active, would and could pick up a good deal of coffee for San Francisco, and would be an advantageous factor if it were not for the fact that the American-Hawaiian Steamship Co. apparently is unwilling to give them any service whatsoever from Salina Cruz north. At this writing (Feb. 28, 1913) there are many firms in this city, among whom we might mention Messrs. ———, ———, ———, and ourselves, who have bills of lading dated January, a great part of which coffee must certainly have reached Salina Cruz on or before the middle of that month, and although the American Hawaiian Steamship Co. has had many steamers sailing out of Salina Cruz they apparently would not bring this coffee forward, and an inquiry recently made of the Salvador Railway Co.'s agent at Salina Cruz shows the coffee at that point still waiting opportunity to go forward. (Here follow numerous details to illustrate the foregoing contention.) * * *

The above statement is to show that we are practically dependent upon the Pacific Mail, and for your information might advise that the opinion here is current that, although the Salvador Railway Co. is anxious and eager to receive and handle in a satisfactory manner cargo to and from San Francisco, the American-Hawaiian Steamship Co. evidently figures that it has for a number of years operated, and still continues to operate, on a very friendly basis with the Pacific Mail, and for the apparently small coffee tonnage, on which it would only get probably one-half the rate, it does not intend to antagonize the Pacific Mail, which line considers that the Central American business from San Francisco belongs to itself. They therefore flatly discourage it.

Rebates to shippers discontinued.—Although rebates were granted by the Pacific Mail Steamship Co. on shipments from Central America

and Mexico to San Francisco until a few years ago,¹ the Committee is advised that no rebates are allowed to shippers at present. (Vol. 2, p. 876.) The testimony also indicates that no written or verbal contracts are made with shippers in this trade, and that, as a general rule, no difference in rates exists as between large and small shippers (vol. 2, pp. 876-877), although, since there is nothing to prevent it, the line feels free to cut rates occasionally in order to secure a large order of freight (vol. 2, p. 877).

Conference of West India Atlantic Steamship Companies.

For many years the above-mentioned conference, with headquarters in London, has controlled the rates on European coffee shipments from the west coast of Mexico and Central America by the following Atlantic lines: The Royal Mail Steam Packet Co., Cie. Generale Transatlantique, Hamburg-American Line, Leyland Line (International Mercantile Marine Co.), Harrison Line, Cia. Transatlantica de Barcelona, La Veloce Navigazione Italiana a Vapore and the Cuban Line (Messrs. E. Bigland & Co.). As indicated by the attached rebate circular of the Pacific Mail Steamship Co. for the season of 1912-13, shippers of coffee from west coast ports of Mexico and Central America to Europe are allowed a 10 per cent deferred rebate (computed on the basis of a 12 months' account with six months deferment), provided they "have not made or been interested in, directly or indirectly, either as principals or agents," any shipments of coffee other than via:—

(1) The steamers of the Pacific Mail Steamship Co. to Panama, over the Panama Railroad Co., and thence by the steamers of the connecting West India Atlantic Conference lines.

(2) The steamers of the Pacific Mail Steamship Co., the Cia. Naviera del Pacifico and the Salvador Railway Co. to Salina Cruz, over the Tehuantepec National Railroad to Puerto Mexico, and thence by the steamers of the connecting West India Atlantic Conference lines. In addition to the conference lines enumerated

¹ Mr. R. P. Schwerin advised the committee (vol. 2, p. 1223) that during the coffee season of 1908 and 1909 there was a 25 per cent reduction from Central America to San Francisco, the tariff rate being \$10. This reduction was also effective the following season up to Jan. 25, 1910, when the rate was reduced to \$3. On sugar shipments from Central America to San Francisco the line also occasionally made a special reduction of 50 cents per ton, the last reduction having been made in July, 1912. On limes from Acapulco to San Francisco there was a refund of \$2.50 per ton up to September, 1911, while on logs from Central America a \$1.50 refund from the tariff rate was allowed until Sept. 12, 1911.

above, the rebate circular of 1912-13 stipulates that shipments from Puerto Mexico by steamers of the Holland-American Line will not invalidate the rebates.

(3) The steamers of the Kosmos Line via Magellan. This line has always been regarded as a differential route. Thus, if the coffee rate was made 80s. by the conference lines, the Kosmos Line would make its rate say 20s. less on account of the longer haul. (Vol. 2, p. 874.)

(4) Shipments via Puerto Barrios (Guatemala) if carried from that port by vessels of the West India Atlantic Conference lines.

It should be noted that the attached rebate circular refers exclusively to European coffee shipments and makes no reference to shipments destined to New York via any of the above-mentioned routes. Mr. R. P. Schwerin, however, testified (vol. 2, pp. 873, 874, 875) that the Pacific Mail Steamship Co. and the United States Government (as owner of the Panama Railroad and Panama Railroad Steamship Cos.) each sent a representative to the London Conference; that the Government has sent its representative to this London Conference for years, with respect to the determination of coffee rates; that the coffee rates to New York from the west coast of Mexico and Central America were adjusted on the basis of the European rates; and that the Pacific Mail and the Government have an understanding with the other conference lines as to the fixing of rates to the United States so far as business may originate on the west coast of Central America and Mexico and be destined to New York via the Panama Railroad and the Panama Railroad Steamship Cos. Judging from the testimony before the Committee, the United Fruit Co., although not mentioned in the attached rebate circular, observes the rates of the other lines as far as trade to New York is concerned. (Vol. 2, p. 873.) In fact Mr. R. P. Schwerin asserted that "There has practically been no competition from the west coast of Central America to New York." (Vol. 2, p. 875.)

Mr. Schwerin, however, testified that the aforementioned rate understanding in no way governs the trade from Central American and Mexican ports to San Francisco and that the Pacific Mail Steamship Co. declined to be governed in its San Francisco rates by the European conference, when requested to do so by the Panama Railroad Co. and the Guatemala Railroad Co. (Vol. 2, pp. 873-874.) According to his explanation the government authorities represent-

ing the Panama Railroad Co. discussed with the Pacific Mail representatives the question of rates to San Francisco versus the rates to New York, and repeatedly requested the Pacific Mail to raise its rates so as to equalize via San Francisco on the ground that the low rates charged by the Pacific Mail were instrumental in diverting business from Central America to San Francisco and away from New York via the Government's line. (Vol. 2, p. 872.) In this connection it appears that Europe received approximately 70 per cent of all coffee shipped from the west coast of Central America and that the remaining 30 per cent was divided between San Francisco and New York, approximately one-third of this amount, or 10 per cent of the total Central American coffee output, going to San Francisco. (Vol. 2, pp. 872, 873.) In other words, the Panama Railroad Co. used to handle about 90 per cent of the Central American coffee output, but, as explained by Mr. Schwerin (vol. 2, p. 873), "the rates via San Francisco were abnormally low and diverted coffee away from the Isthmus route. There has always been a question, having in mind the European and New York rates, as to whether coffee can be shipped most advantageously from Central America via the Isthmus to New York with transshipment at that port, or via European lines from Colon, or via the Puerto Barrios or Tehuantepec routes. The haul from the coffee district to Salina Cruz is about 280 miles as against 1,400 miles to the Isthmus of Panama, so when the Salvador Railroad and the National Railroad of Mexico started to haul coffee to Salina Cruz and via the Tehuantepec route to Europe, and in connection with the American-Hawaiian Line to San Francisco via Salina Cruz, the Panama Railroad Co. saw its business dropping away and consequently an issue was raised in relation to the Pacific Mail's San Francisco rates. The Panama Railroad Co. wanted the Pacific Mail to raise its rates to San Francisco. Mr. Keith, of the Guatemala Railroad, also insisted on the rates being made the same to San Francisco as to New York, or he would cut the rate via the Guatemala Railroad to Puerto Barrios and the United Fruit Co.'s steamers to New York." (Vol. 2, p. 873.) These requests for an equalization of the San Francisco rates with those to New York were, as already stated, refused by the Pacific Mail Steamship Co.

Panama Route.—Tehuantepec Route.

PACIFIC MAIL STEAMSHIP COMPANY.

WEST COAST OF MEXICO AND CENTRAL AMERICA REBATE CIRCULAR.

Season 1912-1913.

Shippers of Coffee from the West Coast Ports of Mexico and of Central America will, subject to the following conditions, be granted by the Co-Carriers on all Coffee through freighted, a Rebate of Ten per cent. on the Freight paid, as per Bills of Lading, from free alongside steamer at port of shipment to terminal port in Europe.

The Rebate will be computed up to 30th September, 1913 (Bill of Lading date), and will be payable after the 31st March, 1914, but only to Shippers who, during the said season, have not made or been interested in, directly or indirectly, either as Principals or Agents, any shipments of Coffee from West Coast Ports of Mexico and/or Central America to Europe, other than *via*—

(I) The steamers of the Pacific Mail Steamship Company to Panama, over the Panama Railroad to Colon, and thence by the steamers of the following Atlantic Lines:—The Royal Mail Steam Packet Company, Compagnie Générale Transatlantique, Hamburg-Amerika Linie, Leyland Line, Harrison Line, La Veloce Navigazione Italiana a Vapore and the Compañia Trasatlantica de Barcelona.

(II) The steamers of the Pacific Mail Steamship Co., the Cia. Naviera del Pacifico, and the Salvador Railway Co., Ltd., Steamship service to Salina Cruz, over the Tehuantepec National Railroad to Puerto Mexico and thence by the steamers of the following Atlantic Lines:—The Royal Mail Steam Packet Company, Compagnie Générale Transatlantique, Hamburg-Amerika Linie, Leyland Line, Harrison Line, Compañia Trasatlantica de Barcelona, and the Cuban Line (Messrs. E. Bigland & Co.).

(III) The Steamers of the Kosmos Line *via* Magellan.

Shippers claiming the Rebate, must fill up and sign forms, in triplicate, which can be obtained from the under-noted Mr. E. M. HUNTER, or any of the Agents of the Co-Carriers.

Claims in connection with shipments by the steamers of the Pacific Mail Steamship Co. up to the 30th September, 1913, must be presented to the under-noted E. M. HUNTER, Special Agent of that Company at Guatemala City, Guatemala, for certification not before the following 1st October, 1913, nor later than the 31st December, 1913, after which date no claims will be acknowledged. Payment to be made in Europe after the 31st March, 1914, subject to everything being in order.

Signed for and on behalf of the here undermentioned Co-Carriers, viz.: The Pacific Mail Steamship Co., The Royal Mail Steam Packet Company, Compagnie Générale Transatlantique, Hamburg-Amerika Linie, Leyland Line, Harrison Line, La Veloce Navigazione Italiana a Vapore, Compañia Trasatlantica de Barcelona.

E. M. HUNTER, {Special Agent in Central
America of the Pacific
Mail Steamship Company.

GUATEMALA CITY, 30TH SEPTEMBER, 1912.

Shipments *via* Puerto Barrios, if carried from that port by the vessels of the Atlantic Lines herein enumerated, will not invalidate the within mentioned rebate; neither will shipments *via* Tehuantepec when carried from Puerto Mexico by steamers of the Holland-America Line.

NOTE.—The attention of Shippers is called to the necessity for legible and correct marking and portmarking. Much inconvenience has been caused by omissions and neglect in this respect, and the Joint Carriers will not accept responsibility for correct delivery of Bags insufficiently or incorrectly marked.

CHAPTER VIII.

AGREEMENTS IN THE AMERICAN-WEST INDIAN TRADE.

Rate Arrangements in the Trade Between the United States and Cuba.

The regular lines operating between the United States and Cuban ports may be classified into three groups, viz., those to and from New York, those to and from other Atlantic ports, and those to and from the Gulf ports. These groups will be considered in the order indicated.

1. Lines between New York and Cuba:—

With reference to the various Cuban ports served these lines are the following:—

(1) *The New York & Cuba Mail Steamship Co. and the American & Cuban Steamship Line to Havana.*—The relations between these two lines have not been ascertained because the latter company has failed to reply to the Committee's Schedule of Inquiries, and has sent so few of its current rates as to make comparison with those of the other line impossible. Furthermore, the Management of the line advised the Committee that most of the items of freight on which current rates were desired have not been carried by the line, and that it would be necessary not only to know the size of the lot to be moved but to compute special rates. Judging from the report of Mr. A. M. Beaupré, American Minister to Cuba, however, the New York and Cuba Mail is the controlling line in this trade. In fact, he states that "no explanation can be found of the practical lack of competition other than the existence of a compensatory agreement or understanding" (vol. 3, p. 288). In this connection it may be stated that agreements for a division of Cuban ports among certain lines were in existence until recently, but all the lines interested have reported to the Committee that these agreements have been abrogated and that to-day no understanding exists between the lines. The Management of the *Compañía Marítima Cubana*, operating from New York to

north Cuban ports, with the exception of Havana, replied under oath to the Committee's Schedule of Inquiries that, "this company has no understanding or agreement with any steamship line, but up to six months ago there was an understanding with the New York & Cuba Mail Steamship Co. for a territorial division of destination ports in the Island of Cuba. There was no agreement, however, as to fixing freight rates or regulating the number or time of sailings or meeting any competition of competitive lines." This understanding with the Compañía Marítima Cubana was acknowledged by the New York & Cuba Mail in its replies, but the line also adds that the understanding has now been "completely abrogated". The Committee, however, is advised that the New York & Cuba Mail Steamship Co. is at present a stockholder in the Compañía Marítima Cubana.

Until September, 1911, the Atlas Service of the Hamburg-American Line also conducted a service for about one year to Havana, Cienfuegos, and Manzanillo, and according to the testimony of Mr. C. J. Beck, its Freight Traffic Manager, the line "had a tacit but unwritten understanding as to freight rates with the New York & Cuba Mail Line" (vol. 1, pp. 518-519). In its report to the Committee the Management of the New York & Cuba Mail also states that the line is a member of the Gulf Foreign Freight Committee (to be discussed later), consisting of the five lines operating from Key West, Mobile, New Orleans and Galveston to Cuban ports, and vice versa. According to this statement "the line attends the meetings of this Committee very infrequently—perhaps not more than once a year—and our only reason for belonging to the Committee is that we may obtain information as to the freight rates from the Mississippi Valley to the seaboard, and from the Gulf to Cuban ports, in order to enable us to meet their competition."

(2) *The Compañía Marítima Cubana (the Munson Line being the General Agent of this company at New York) to the north Cuban ports of Matanzas, Cardenas, Sagua, Caibarien, Nuevitas, Chapara, Puerto Padre, Gibara and Antilla (Nipe Bay), and the Royal Mail Steam Packet Co. to Antilla.*—Mr. C. B. Kellogg, General Freight Agent of the Munson Line, testified that the Royal Mail, stopping only at Nipe Bay, is the only other line calling at any of the above-mentioned ports (vol. 1, p. 652). No understanding now exists between the lines or has existed at any time (vol. 1, p. 653).

The Munson Line has been operating to Nipe Bay ever since it became a port, and according to Mr. Kellogg, after the Royal Mail entered the trade a few years ago it "naturally followed our rates." A comparison of the typewritten lists of current rates, as furnished to the Committee, shows the rates of the two lines to be the same in nearly every instance, a condition which Mr. Kellogg attributed to the friendly relations between them. The Royal Mail, he stated, "goes so far as to ask us whether our rates are being maintained in some cases where shippers have claimed that they have had lower rates. They lead us to infer by these questions that they are maintaining our rates, and our reply lets them know whether we are maintaining the rates" (vol. 1, pp. 652, 653). This rate situation seemed to Mr. Kellogg "to be an evolution of the times, not only in the steamship business but everywhere else" (vol. 1, p. 653). The Munson Line also operates the only line from Mobile to Cuba, and is a member of the Gulf Foreign Freight Committee.

(3) *The New York & Cuba Mail Steamship Co. to the south Cuban ports of Cienfuegos, Manzanillo and Santiago, and the Hamburg-American Line to Santiago.*—With the exception of the American & Cuban Steamship Line, which has sailings to Cuban ports other than Havana only every three weeks, the New York & Cuba Mail and the Hamburg-American are the only lines connecting New York with south Cuban ports. The Hamburg-American Line, however, operates only to Santiago, as a way port in connection with its Jamaica, Colon and Port Limon service, having withdrawn from Cienfuegos, Manzanillo and Havana in September, 1911, owing to the unsuitable character of its steamers for the trade (vol. 1, p. 519). Prior to this withdrawal, the Hamburg-American Line, as already stated, had a rate understanding with the New York & Cuba Mail Line as regards the Cuban trade, but at present the two lines operate independently to Santiago, the first line, with a weekly service, controlling about 60 per cent of the port's trade, and the latter with sailings about every 10 days. Mr. C. J. Beck, however, testified that while no understanding exists the "two lines aim not to underquote each other," and that "if the New York & Cuba Mail fixes a rate on a certain commodity they will probably tell us of it, or we will learn of it in the market, and we will adjust our rates accordingly" (vol. 1, p. 519). The eventual result of this adjustment, as

pointed out by Mr. Beck, is that the lines have the same rates between New York and Santiago, both southbound and northbound, although at times one might be underquoting the other, not having knowledge of what the other was doing (vol. 1, p. 519).

The Caribbean Conference.—It may be added here that nearly all the New York lines operating to and from the Caribbean district, namely the New York & Cuba Mail Line, Munson Line, Hamburg-American Line, Royal Mail Steam Packet Co., Red "D" Line, United Fruit Co., Clyde Line, New York & Porto Rico Steamship Co., and others, are members of the so-called Caribbean Conference. This conference (testimony of C. J. Beck, vol. 1, p. 538) is composed of New York lines only. No qualifications for membership are required and every line in the trade is said to have been invited to join. With respect to the Panama Railroad Steamship Co., however, Mr. Gottheil testified:

The Panama R. R. Steamship Co. stated that owing to its company being a branch of the United States Government they could not consistently become a member of the proposed conference; but that they were willing to attend the conference meetings, and would no doubt be glad to follow the conference. I want to show that foreign lines are not the only ones that do this sort of thing; and that the American lines oftentimes find it necessary to adopt these means (conferences), including the Government (vol. 1, p. 322).

All the witnesses before the Committee representing interested lines contended that this conference exists solely for the purpose of improving the manner of handling the trade, and has nothing whatever to do with the fixing and maintenance of rates, the division of ports and the regulation of competition between the lines. Its object is to secure cooperation in matters that are non-competitive, such as questions of exchange, the improvement in the form of bills of lading, and other routine matters pertaining to the general conduct of the business. In fact, Mr. Beck asserted that the lines belonging to the conference might be fighting each other in rates and at the same time be able to agree on those matters over which the conference has jurisdiction (vol. 1, p. 538).

2. *Lines between North Atlantic ports, other than New York, and Cuba:*—

With the exception of the New York lines, only two regular lines operate to Cuba from Atlantic ports of the United States, viz., the Munson Line from Baltimore, and the Boston & Havana

Steamship Co. (for which the Munson Line acts as agent) from Boston. Mr. C. B. Kellogg, General Freight Agent of the Munson Line, explained that, although no understanding or agreement whatsoever exists between the Munson Line and the New York & Cuba Mail with reference to rates or the division of ports, the Munson Line attempts to make the rates from Baltimore to Havana the same as from New York. The rates from Boston to Havana are also based upon the New York rates, and the typewritten list of rates furnished to the Committee, in response to its request for the current rates, under date of October 26, 1912, by the Boston & Havana Steamship Co. contains the statement that the "rates are intended to be the same as the rates from New York." With reference to the relations between his line and the New York & Cuba Mail Line, Mr. Kellogg explained that "we would answer their questions about rates, and would expect them to answer ours." In reply to the question: "and there is no amicable arrangement between the two companies that will avoid competition between the two lines?" Mr. Kellogg answered, "not of necessity; there is simply the arrangement as a matter of business policy of talking over with one another what the rates might be" (vol. 1, p. 657).

3. *Lines operating between Gulf ports and Cuba—The Gulf Foreign Freight Committee:—*

The several lines operating services between Gulf ports of the United States and Cuba—the Munson Line from Mobile, the Southern Pacific Co.'s "New Orleans-Havana Line" and the United Steamship Co., from New Orleans and Galveston, the Peninsular & Occidental Steamship Co. (owned jointly by the Florida East Coast Ry. and the Atlantic Coast Line R. R.) from Tampa and Key West, and the Tussco Line (the United States Shipping Co., operating time-chartered boats from any port where business may be secured)—are members of the Gulf Foreign Freight Committee. Copies of "Freight Tariff No. 1009-B (Gulf Foreign Freight Committee lines)," effective May 15, 1912, and issued by W. H. Hosmer, Agent, were furnished to the committee by several of the lines, and the title page contained the names of all the aforementioned lines. This tariff contains the class and commodity rates on shipments from Key West, Mobile, New Orleans and Galveston to Havana and Cuban outports (rates to the outports being arrived at by an established set

of arbitraries contained in the tariff) and is governed, except as otherwise provided therein, by F. H. Holbrook's Official Classification No. 38 and supplements thereto and reissues thereof. "Freight Tariff No. 1000-A (Gulf Foreign Freight Committee)," was also submitted, containing rates from Havana and Cuban outports to Mobile, New Orleans and Galveston, effective May 1, 1912, and containing on the title page the names of the Southern Pacific Co.'s "New Orleans-Havana Line," the Munson Line and the United Steamship Co. The United Steamship Co., for example, in its replies to the Committee's Schedule of Inquiries, states that it is not a party to any agreement or understanding with the other steamship lines "except that we protect Tariffs Nos. 1000-A and 1009-B on commodities named therein, these rates at any time, however, being subject to independent notice to the contrary."

Nearly all of the freight of the lines operating from Gulf ports to Cuba is through traffic from the interior. Originally these lines made the rates in conjunction with the railroads on a pro-rata basis, and continued to file tariffs with the Interstate Commerce Commission until the courts ruled that Cuba was not a country adjacent to the United States, and did not come within the meaning of Section 1 of the Act to Regulate Commerce (vol. 1, pp. 662, 663). Following this decision the steamship lines made independent rates from the Gulf to Cuba. The rates continued, however, to be made by the same committee that made them previously, although the railroads no longer exercised any influence over the steamship rates (vol. 1, p. 663). In other words the rates are now made by the steamship lines represented in the conference (the railroads concerning themselves only with the export rates for the rail haul, and the steamship lines with the rates from Gulf ports to Cuba), and are published by the Gulf Foreign Freight Committee as a committee (vol 1, p. 664).

In explaining the purpose of the Gulf Foreign Freight Committee, Mr. Chester B. Kellogg asserted that it was of exactly the same nature as a railroad traffic association; that each of the conference lines names, independently, the rates that appear in the joint tariff published by the committee from the several Gulf ports; that each of the lines is absolutely independent in the naming of rates and can declare an independent rate at any time; that any line desiring to change its rates sends an announcement of its intention to the chairman of the committee, and the proposed changes are then discussed by the

representatives of the lines at a meeting of the committee; and that the rates thus arrived at are issued by an agent representing the several lines—Mr. W. H. Hosmer, of Chicago—in the form of a joint freight tariff, to which supplements are issued from time to time (vol. 1, pp. 662, 665, 666, 667 and 671). But with respect to the issuance of this joint tariff the steamship interests want it clearly understood that each line independently directs the agent what the rates shall be. The lines may depart from these rates by notifying the chairman of the committee, but no rates are cut without such notification (vol. 1, pp. 666, 668).

The purpose of the conference, Mr. Kellogg stated, is “to talk over what would be a legitimate and fair rate for the business from the different ports” so that shippers at one port can not be quoted a rate which will bring in competition and concentrate the traffic there as compared with other ports (vol. 1, p. 667). Moreover, as a general rule, the lines do not give their notice of changed rates to the chairman until after the conference meeting, and, to quote Mr. Kellogg, “We have to be in agreement when the conference is over” (vol. 1, p. 668). He testified that “naturally the object of the oral agreement is that we will know what is going on”; that “we are trying to keep ourselves from destroying each other” (vol. 1, p. 670); and that the rates, as contained in the joint tariff, are maintained by the lines at present (vol. 1, p. 671).

It may be added that the rates from New York are about the same as those from the Gulf ports (vol. 1, p. 662), and that in the case of most articles it would be impossible for the Gulf ports to enjoy a differential, since the Atlantic lines would meet the rates. It may be repeated that the New York and Cuba Mail Line, the principal line from New York, is a member of the Gulf Foreign Freight Committee for the purpose, as stated by the Management of the line, that “we may obtain information as to the freight rates from the Mississippi Valley to the seaboard and from the Gulf to Cuban ports, in order to enable us to meet their competition.” Only in the case of grain and packing-house products, because of the greater nearness to the territory producing the same, do the Gulf lines probably make the rates, the same being followed by the New York lines with a view to developing trade from their territory (vol. 1, p. 662). Mr. Kellogg also declared that, all factors considered, the rates from the

United States to Cuba are about the same as those from Europe (vol. 1, p. 675).

Agreements in the Trade Between the United States and Haiti and Santo Domingo.

Enumeration of Services.—Three lines control the trade between the United States and Haiti, viz., the Atlas Service of the Hamburg-American Line, the Royal Dutch West India Mail Line, (both operating to and from New York, and including Haiti in their New York-Colombian and New York-Venezuelan services, respectively), and the Seeberg Line from Mobile, the last named being the only line from a southern port. The Clyde Line, on the other hand, is the only line serving the ports of Santo Domingo. Its vessels never call at the neighboring ports of Haiti, nor do the steamers of the Hamburg-American and Dutch Lines, serving Haitian ports, ever call at the ports of Santo Domingo.

This apparent division of territory, by which the Clyde Line enjoys a monopoly of the American-Santo Domingan trade, does not exist by virtue of any agreement or understanding between any of the lines. This is shown by the testimony of Messrs. C. J. Beck, Freight Traffic Manager of the Hamburg-American Line (vol. 1, p. 523), F. D. Mooney, General Manager of the Clyde Line (vol. 1, p. 645), and Paul Gottheil, representing the Royal Dutch West India Mail Line (vol. 1, pp. 320, 321). Mr. Gottheil's testimony, in particular, shows that the policy of the lines not to infringe upon each other's territory is due to a mutual desire to avoid a rate war in a trade which for some years has been conducted peacefully and satisfactorily to all parties (vol. 1, pp. 320, 321).

Agreement (terminated Dec. 31, 1912) between the Hamburg-American Line and the Royal Dutch West India Mail Line for the regulation of the Haitian trade to and from New York.—Until December 31, 1912, the two lines now connecting the ports of Haiti with New York were parties to a pooling agreement which went into effect on January 1, 1910, for a period of one year, and to continue thereafter from year to year unless terminated by six months' notice from either party. This agreement had for its purpose the division of ports in Haiti between the lines, the fixing and maintenance of freight and passenger rates, and the pooling of a certain proportion of the

earnings. With respect to each of these essential purposes, the agreement contained the following stipulations:

(1) In the trade from New York to Haiti the ports of Gonaives, Miragoane, Port de Paix, and Haiti were reserved to the Hamburg-American Line, and the ports of St. Marc, Aux Cayes, Aquin, and Jacmel to the Royal Dutch West India Mail Line. Certain ports, however, viz., Port au Prince, Petit Goave and Jeremie could be served jointly by both lines. Similarly in the voyage to New York certain ports were reserved to each of the lines, while others could be served jointly. On cargo from or to Europe, however, either directly or via New York, each line was entitled to retain the entire through freight.

(2) Each line reserved for itself 40 per cent of its net freight, as computed according to the terms of the agreement, and the remaining 60 per cent was to be pooled and divided in the proportions of 76.75 per cent to the Hamburg-American Line, and 23.25 per cent to the Royal Dutch West India Mail Line. These proportions of the pool were based upon a minimum of 26 sailings per year for each of the lines, and upon the actual earnings of the two lines from New York to Port au Prince and Petit Goave during the years 1907, 1908 and 1909, and later divisions were to be based always upon the earnings of the last three years. A settlement of the pooling account was to be made semi-annually, and in case either line should fail to supply the stipulated minimum number of sailings in any year to the pooled ports, that line's share in the pool earnings was to be reduced proportionately for the benefit of the other party.

(3) Both lines agreed to maintain the same rates between Haiti and New York as regards all ports, and also the same through rates between Haiti and Europe, either for shipments via New York or for direct shipments from Haiti. The tariffs agreed upon were to be strictly observed and all reductions, either direct or indirect, by giving commissions or other advantages, were prohibited. Passenger rates, and uniform commissions to agents were also agreed upon.

(4) All matters of dispute arising under the agreement were to be submitted for arbitration to three disinterested persons residing in New York (none of them to be lawyers), whose decision was to be binding upon the parties.

Although this agreement was discontinued on December 21, 1912, Mr. Beck testified (vol. 1, p. 523) that as far as the freight traffic is concerned both lines continue to observe the same rates and conditions. No regular conferences are held, but if business matters of importance arise the lines consult each other about the same. A comparison of the Hamburg-American Line's Freight Tariff No. 2, and the Royal Dutch West India Mail Line's Freight Tariff No. 1, both issued April 1, 1912, and furnished by the lines at the Committee's request for the current rates, show that the rates from New York to Haiti and vice versa are the same for both lines. Mr. Gottheil testified (vol. 1, p. 320) that these tariffs are made by the New York representatives, and that at present there is only an agreement to maintain the same rates; while Mr. Beck asserted (vol. 1, pp. 536, 537) that the rates are alike to all shippers, irrespective of the quantity shipped, with the exception of a special rate occasionally granted to contractors with a view to encouraging undertakings for the upbuilding of Haiti's trade.

Agreement between the Hamburg-American Line and the Royal Mail Steam Packet Co. with respect to Haiti.—In addition to the agreement with the Royal Dutch West India Mail Line, the Hamburg-American Line has an agreement with the Royal Mail Steam Packet Co., whereby the latter company agrees not to extend its service to Haitian ports as far as sailings to and from New York are concerned. Section 5 of the agreement of February 21, 1908, which, as already explained, governs the traffic of the two lines between New York and the entire Caribbean district, provides that:

The Royal Mail Steam Packet Co. bind themselves not to extend their services to Haitian ports and Santa Marta, as far as sailings to and from New York are concerned, except that in case of war with the Royal Dutch West India Mail Line the Royal Mail Steam Packet Co. shall have the privilege of calling at Haitian ports served by the Dutch Line. (See sec. 5, vol. 1, p. 525.)

Agreement in the Trade Between the United States and Jamaica.

Regular line service between ports of the United States and Jamaica is furnished by the following lines: (1) from New York, the Hamburg-American Line, the Royal Mail Steam Packet Co., the United Fruit Co., and the Atlantic Fruit & Steamship Co.; (2) from Philadelphia and Baltimore, the United Fruit Co. and the Atlantic Fruit & Steamship Co.; and (3) from Gulf ports, the See-

berg Line from Mobile and the United Steamship Co. from New Orleans and Galveston. Of the above lines the Atlantic Fruit & Steamship Co. competes with the United Fruit Co. and the New York lines only as regards shipments to two commercial houses on the north side of Jamaica (testimony of Joseph Di Giorgio, vol. 2, p. 796), and the Seeberg Line and United Steamship Co. are the only lines operating from their respective Gulf ports to Jamaica. According to Mr. Boissevain (vol. 2, p. 750), however, the fortnightly service of the first line from Mobile competes with the New York lines in that it quotes lower rates from its port than do the lines from New York.

Of the three principal New York lines, the Hamburg-American Line and the Royal Mail Steam Packet Co. are again governed in their Jamaican trade, both northbound and southbound, by the agreements of February 21, 1908 and October 7, 1908; and the United Fruit Co., while it is not a party to these or any other written agreements with the Hamburg-American and Royal Mail Lines, nevertheless, according to a tacit understanding as regards the entire Caribbean district, observes the same rates as the other lines (vol. 2, p. 747). Since the essential features of the relations between these lines in the Caribbean trade have been previously explained,¹ it need only be stated with special reference to Jamaica that, besides agreeing upon the freight rates and passenger fares to and from Jamaica, the Hamburg-American and Royal Mail Lines allow a deferred rebate of 10 per cent, computed for every six months' shipments and payable six months thereafter, provided the shipper has supported only the lines which are parties to the above-mentioned agreement. This deferred rebate allowance is granted only on shipments from New York to Kingston, Jamaica, and not, according to the agreement, on shipments from New York to Jamaican outports or on shipments from Jamaica to New York (vol. 1, p. 527). In a letter from Mr. William H. Douglas, President of Arkell & Douglas (Inc.), under date of January 9, 1913, the Committee is advised that his firm also receives the same rebate allowance of 10 per cent from the United Fruit Co. that is paid by the Hamburg-American and Royal Mail Lines on shipments from New York to Kingston (vol. 1, p.

¹ See p. 194 of the chapter dealing with "Agreements in the American-Mexican and Central American Trade," and pp. 176-180 of the chapter on "Agreements in the trade between the United States and South America."

119). Mention might also be made here of the report of Mr. J. D. Dreher, American Consul at Port Antonio, Jamaica, under date of January 10, 1913, to the effect that "some months ago all the shipping companies carrying freight between Jamaican and American and British ports agreed upon uniform rates, the rates being the same between Jamaica and these two countries. At the same time the freight charges were increased to such an extent that merchants have informed me that the reduction of the ad valorem customs duties in Jamaica from 16½ to 10 per cent has been offset in nearly all goods by the increased freight rates" (vol. 3, p. 289).

In view of the application to the entire Caribbean district of the agreements of February 21 and October 7, 1908, between the Hamburg-American and Royal Mail Lines, and the tacit understanding between these lines and the United Fruit Co., a brief explanation of how the three lines came to cooperate with each other in this field will not be out of place. About 13 years ago (testimony of W. G. Sickel, vol. 1, p. 543) the Atlas Service, at that time an English corporation, was the only regular line serving the Caribbean district from the United States, its service being antiquated and its policy unprogressive. About this time the service was purchased by the Hamburg-American Line, which, in its efforts to improve the service and build up commerce, offered facilities which exceeded the immediate needs of the trade, and involved the line in a loss. When, after about five years of pioneer work, the service began to show profits, the Royal Mail determined to compete with the Atlas Service by extending its European-West Indian service to New York, thus again causing the trade to be greatly overtonnaged. The Royal Mails' entry into the trade was resented by the Atlas Service, and a two years' rate war resulted. Both lines being powerful, and neither succeeding in eliminating the other, the natural result was the discontinuance of the warfare by concluding the agreements already discussed. But before arriving at an agreement the overtonnaged condition of the trade caused each of the lines to secure traffic by secret arrangements or otherwise. As Mr. Sickel so vividly described the situation to the Committee (vol. 1, p. 544) :

Having no understanding with them and wishing to protect ourselves, we would go to a shipper and make some secret arrangement with him. Such things can not be kept private for long and the Royal Mail did the same thing, with the result that, when we came to an agreement and each of us tabled our

secret contracts, it was most surprising to see how, unconsciously, we had been unjust to many shippers by giving some of them preferential rates. If both of us had been determined to annihilate the other, and, for the sake of argument, one had been driven out of the trade, would it not have automatically created a monopoly? Because, if one strong line could drive another strong line out of the trade, it would be a bad trade for any weak competitor to venture into in the future. Unrestricted competition based on the law of the survival of the fittest must in the end result in monopoly. After we came to our agreement with the Royal Mail and all secret arrangements with shippers had been canceled or expired, every shipper was on an equal plane with others and discriminations had ceased. The natural question that you will ask is that, after we had come to our agreement, what was to prevent our putting the rates to a basis that would be exorbitant? There would be nothing to prevent this, except, if we had followed such a policy, which we did not do, the two partners in the trade would be subject to the same discriminatory measures of competition as we suffered at the hands of the Royal Mail.

Following the agreement between the Atlas Service and the Royal Mail, and at just about the time when the trade had grown sufficiently to enable the two lines to profitably live alongside of each other, the United Fruit Co. decided to enter the field and to handle passengers and general merchandise in addition to its own very extensive fruit business. The United Fruit Co.'s entry into the Caribbean trade again meant, temporarily at least, a supply of steamers beyond that justified by the trade. Instead of having a second disastrous rate war, however, the two lines already in the field adjudged the newcomer to be a powerful organization with ample experience in the handling of steamers, and, accordingly, as stated by Mr. Sickel, "the Royal Mail and ourselves, as partners in the trade, admitted them without a protest, because both of us saw the fallacy of attempting to fight an organization of their experience and resources. The Royal Mail and ourselves have no agreements with the United Fruit Co., although we all three work in cooperation, but the fact remains that, with three large prominent lines serving the trade, there are more steamers than there is business." The present gentlemen's understanding between the lines was justified by Mr. Sickel in the following statement (vol. 1, pp. 544, 545):

Suppose, for instance, we did not work under some kind of gentlemen's agreement? The trade would soon be in a chaotic condition such as it was during our fight with the Royal Mail; and if the three of us engaged in a three-cornered fight, some one of us, or maybe two of us, would either drop out of the trade altogether or restrict our tonnage, and while shippers might have

very low rates, they would not have the facilities to move their cargo, for it can not be denied that a long, hard fight among two or more ocean transportation companies does not expand but tends to restrict the development of those lines, which places our exporter at a disadvantage in competing in the world's markets. My years of experience have shown to me that shippers do not as a rule object to the friendly agreements existing between lines for the maintenance of rates. On the contrary, they are assured that these agreements prevent discrimination. All they ask is that the rates be made reasonable enough to allow them to sell in competition with the foreign producer.

Agreement Between the Lines Operating To and From Trinidad.

Enumeration of lines in the trade.—The only lines maintaining a schedule of regular sailings between New York and Trinidad are the Royal Dutch West India Mail Line, Royal Mail Steam Packet Co., Lamport & Holt Line, and the Trinidad Shipping & Trading Co. The Hamburg-American Line, in its pooling agreement of February 21, 1908, with the Royal Mail Steam Packet Co., obligated itself "not to call at Trinidad and Grenada from and to New York, excepting with its cruising steamers" (sec. 6; see vol. 1, p. 526).

Deferred rebate agreement in the northbound trade.—With a view to preventing competition on the part of tramp steamers, which at irregular intervals call at Trinidad chiefly to obtain coal, and at such times offer to carry cargo at rates far below those which the lines could profitably accept and continue their regular service, all of the lines operating between Trinidad and New York are parties to an agreement, having for its purpose the maintenance of freight rates in the northbound voyage and the allowance of a deferred rebate on cocoa, the principal item of export to New York. According to the deferred rebate circular issued to shippers by the four lines (for a copy see vol. 3, p. 249), a deferred rebate of 10 per cent is allowed on all shipments of cocoa, the same being computed for a fixed period of six months on the basis of an agreed rate (mentioned in the circular) and paid six months thereafter. In his rebate declaration the shipper declares that "neither during the period named nor since have we made or been interested, directly or indirectly, either as principals or as agents, in any shipment (sugar and asphalt excepted) from Trinidad to New York, either direct or by transshipment by any vessels other than those provided by the four lines parties to the agreement."

Maintenance of rates both northbound and southbound.—Between Trinidad and New York the aforementioned four lines maintain the same rates in both directions. Northbound the lines operate under a joint freight tariff signed by all the lines (vol. 3, pp. 248, 249). Southbound, the Committee is advised that the lines issued to shippers in 1912 a notice of a revised tariff of freight rates (to go into effect November 1, 1912) applying to all foodstuff and general merchandise from New York to Trinidad via all the lines (vol. 3, pp. 251, 252).

Traffic To and From Martinique, Guadeloupe, and Barbados.

Lines to Guadeloupe and Martinique.—Three lines connect these islands with American ports, viz., the Quebec Steamship Co. (with a fortnightly service), the New York & Demerara Steamship Co. (with sailings only about every five weeks) from New York, and the Seeberg Steamship Line from Mobile. Of the two New York lines the Quebec Steamship Co. is by far the most important, Messrs. L. W. & P. Armstrong, agents of the New York & Demerara Line, having advised the Committee under date of October 3, 1912, that their line is essentially a private carrier; that practically all the freight carried by their steamers is their own property; that they only solicit freight from outsiders when they have space to spare; and that in order to secure the same they have no hesitation in reducing their rates.

Practices of the Quebec Steamship Co. in the trade to Guadeloupe and Martinique—Contracts with shippers and the allowance of rebates.—None of the above lines have answered the Committee's Schedule of Inquiries. In a letter dated May 9, 1913, however, Mr. A. E. Outerbridge, representing the Quebec Steamship Co., informed the Committee that in the trade between New York and Guadeloupe and Martinique the line has arranged the ultimate rate of freight on a sliding scale, based upon the quantity shipped. Since the total quantity transported can not be ascertained in advance, an adjustment is made at the end of every six months for the purpose of allowing the shipper a refund on the rates paid when the freight was offered for shipment. This rebate is granted in order to make the final rate proportionate to the total quantity transported, and is not

a "deferred rebate" except for the purpose of computing the volume of freight upon which the rate is based (vol. 2, p. 1391).

The line seeks to protect its interests by making contracts with shippers in the trade, such contracts having been accepted by merchants who have freight to send in considerable quantities. The shipper, according to this contract¹ obligates himself to ship all freight, (except coal and superphosphates) from New York to Guadeloupe and Martinique, in which he may be interested, directly or indirectly, by the steamers of the Quebec Steamship Co., to the exclusion of all other steamers or sailing vessels. In turn the line guarantees at least two sailings per month, but is not obliged to send more than one steamer monthly to Basse Terre (Guadeloupe), and none at all for less than 1,000 barrels at the 60-cent rate. The shipper also guarantees to the line a stipulated minimum quantity of cargo per annum to Martinique, and a separately stated quantity to Guadeloupe.

Failure to ship the quantity guaranteed to either one of the islands will not operate against the rebate on freight to the other island, but failure to ship the agreed quantity to either or both islands will affect the rebate paid. This rebate, representing the difference between freight paid at the time of shipment and the actual freight as computed on the basis of the quantity shipped, will be paid every six months (there being no term of deferment), but only on the condition that the shipper has faithfully carried out all the terms of the agreement, pertaining to the minimum quantity of cargo to be sent, the shipment of all freight by the line to the exclusion of all other carriers, etc. The rebate allowed in case shipments equal the guaranteed minimum quantity is 10 cents per barrel, but if the minimum guaranteed is not shipped, the rebate paid will be based upon the percentage the quantity shipped bears to the minimum guaranteed. In case the shipments exceed the minimum, an additional 5 cents per barrel is paid on any surplus, not exceeding 10,000 barrels in all. The line, however, need not pay a rebate which would reduce the net amount of freight below the 20-cent tariff, a provision introduced for the protection of the line in the event of opposition by outside steamers or sailing vessels. Nor are any rebates to be paid on lumber, shooks,

¹ For a sample see the contract between Messrs. A. E. Outerbridge & Co., agents of the Quebec Steamship Co. (Ltd.), and Messrs. A. D. Strauss & Co., of New York (vol. 1, pp. 1392-1393).

staves or fertilizers, which are taken at special rates, but it should be especially noted that "*the quantity of such freight will be included in making up the minimum.*" Lastly, besides agreeing to arbitrate all disputes arising under this contract, the shipper agrees "not to give any portion of the rebate he receives from the line to any client in Martinique or Guadeloupe who shall import any freight from New York by any other vessels than those of the Quebec Steamship Co."

That all shippers are not in accord with the foregoing contract is well illustrated by the complaint filed by Messrs. A. D. Strauss & Co. They state that they are parties to the contract "from compulsion rather than from choice" and that "since the beginning of the agitation about rebates and conference lines, we came to the conclusion that such arrangements are unlawful, that we can not accept refunds without laying ourselves open to a charge of breaking the laws, and we have notified Messrs. Outerbridge & Co. that these contracts must be abolished, while at the same time we have refused to accept a rebate" (vol. 2, p. 1396). Rates, they claim, should be uniform to all shippers, whereas the contract, according to their viewpoint, plainly sets forth its object to stifle competition, especially since "the contract operates in favor of one shipper." In this connection special attention is directed to the clause which declares that shipments of staves, lumber, and estate stores shall not participate in the refund, but are to "be figured as forming part of the bulk of freight upon which the refund is payable and earned." Since these goods, it is asserted, "form nearly one-half of the Martinique and Guadeloupe freights, it is seen that the shipper of these goods receives upon the general merchandise a refund far in excess of what any other shippers receive, and they therefore easily succeed in killing our and other merchants' Martinique and Guadeloupe trade" (vol. 2, p. 1396).

On the other hand, the representatives of the Quebec Steamship Co. contend that these contracts in the West Indian trade were the outcome of several meetings with various firms in the trade, and that they were originally entered into for the protection of both shippers and regular steamship owners from the attacks of sporadic tramps. It is charged that during times of dullness in the freighting business, tramp steamers would offer to carry cargo at very low rates "to the injury of a large number of small importers in the

West Indies who are dependent upon the regular transportation lines for their little supplies, and also to the injury of the regular steamship owners" (vol. 2, p. 1391).

Rebate system in the New York—Bermuda trade similar to that prevailing in the New York—Martinique and Guadeloupe trade.—It may be added here that in the New York-Bermuda trade, where the service is conducted by the Quebec Steamship Line, the Royal Mail Steam Packet Co. and the Bermuda Atlantic Steamship Co., the first two lines are parties to an arrangement for the payment of a sliding scale of rebates on shipments from New York, similar to those just explained for the trade between New York and Martinique and Guadeloupe. These rebates, it should be noted, are paid annually to importers in Bermuda on all freight imported during the year from New York by steamers of the Quebec Steamship Co. and the Royal Mail Steam Packet Co., and only on the condition that no importations have been made, either directly or indirectly, by vessels other than the steamers of the two lines.¹ As in the Martinique and Guadeloupe trade, these rebates are not deferred except for the purpose of computing the annual quantity of the freight. If the freight paid amounts to \$100 and less than \$1,000, the rebate is 10 per cent; if amounting to \$1,000 and less than \$1,500, 15 per cent; and if amounting to \$1,500 or over, 20 per cent. No rebates are paid on through freight from England, Canada or other ports unless paying New York tariff rates. Nor have any rebates been allowed for many years on freight from Bermuda to New York, consisting entirely of perishable commodities shipped between December and June, and controlled principally by about half a dozen commission merchants in New York City (vol. 2, p. 1391).

The data furnished to the Committee by the Management of the Quebec Steamship Co., shows that for the year 1912, 15 persons received the 20 per cent rebate, 10 the 15 per cent rebate, and 85 the 10 per cent rebate. These figures were furnished to demonstrate that the trade to Bermuda is by no means monopolized by the large merchants, but that instead the number of small shippers has greatly increased when the figures of 1912 are compared with those of former

¹ For a copy of the circular announcing the system of rebates granted by the Quebec Steamship Co. and the Royal Mail Steam Packet Co., in the New York-Bermuda trade, see vol. 1, p. 1392.

years¹ (vol. 2, p. 1394). In support of the graded scale system of rates the management argues that:

We feel sure that while the sliding scale of rebates controls the trade, it at the same time metes out to each trader a rate proportionate to his business energy and enterprise. * * * Remove the rebates or establish a common one to all, irrespective of volume of importation, and the large dealer will be driven to some means of placing himself at an advantage, which he will secure by taking every opportunity from November to May of either individually or in combination arranging for independent transportation; the result would be that their stocks would be placed at charges lower than the small trader could secure, and it would follow that the latter would not only be damaged, but the regular lines would be driven to meet the conditions by temporary reductions. That doubtless would outweigh any advantages gained by the temporary changes now proposed. While we quite appreciate that elsewhere rebates are injurious, we are convinced that with us, under the arrangements that now exist, they are fair and above board; we have no personal interest in the matter beyond the parties we represent, and our opinions are advanced honestly with that view.

Lines to and from Barbados.—According to the American Exporters' Export Trade Directory five lines connect ports of the United States with Barbados, viz, the Quebec and New York & Demerara Steamship Cos. (in connection with their Guadeloupe, Martinique and Demerara service); the Royal Mail Steam Packet and Royal Dutch West India Mail Lines (in connection with their service to Trinidad) from New York; and the Seeberg Line from Mobile. From Mr. Lorenzo Daniel's testimony it would also appear that the Lamport & Holt and Booth Lines touch at Barbados in their New York trade.

Relationship between the lines in the Barbados trade.—None of the above lines have answered the Committee's Schedule of Inquiries.

¹ That data is presented in vol. 1, p. 1394, and shows that during the years 1906–1912, inclusive, the following number of persons received the three grades of rebates:

Years.	Persons.		
	20 per cent.	15 per cent.	10 per cent.
1906.....	12	6	57
1907.....	12	8	61
1908.....	10	5	69
1909.....	7	12	56
1910.....	4	4	47
1911.....	12	9	72
1912.....	15	10	85

and it has therefore not been possible to determine definitely whether the freight traffic of the New York lines is governed by any rate understanding. Mention, however, has already been made of the fact that the New York & Demerara Steamship Co. is principally a private carrier, and that the Royal Mail and Royal Dutch Lines are parties to an agreement governing the trade between New York and Trinidad in both directions. That the important lines, at least, are not antagonistic to each other would seem to be indicated by an oral passenger-rate agreement relative to Barbados between the Quebec Steamship Co., the Royal Dutch West India Mail Line, the Lamport & Holt Line and the Booth Line (testimony of Lorenzo Daniels, vol. 1, pp. 172 and 629). All arrangements under this agreement are effected by an exchange of letters between the lines, and judging from one of the letters, addressed by Messrs. A. E. Outerbridge & Co. (representing the Quebec Steamship Co.) to the agents of the Lamport & Holt Line, the agreement has for its purpose the fixing and maintenance of "all passenger rates to and from the West Indies" (vol. 1, p. 629). Whatever the exact relations between the lines as regards the freight traffic may be, Mr. C. W. Martin, American Consul at Barbados, reported to the Committee that "while much has been written about the advantage of the European over the American exporter in the matter of ocean rates, an investigation in Barbados shows that the advantage is with the American exporters in rates as well as distance and time." The rates on leading articles of export, as furnished in Mr. Martin's report, show that the rates from New York to Barbados are on the average from 30 to 50 per cent lower than the rates from European ports.

Messrs. R. D. Strauss & Co. in their communication to the Committee under date of May 5, 1913, (already referred to in connection with the trade to Guadeloupe and Martinique) state that the Quebec Steamship Co. was the first to start a service to the chain of islands forming the eastern boundary of the Caribbean Sea, and that for a period of 25 years all competitive lines attracted to the trade were driven out by the Quebec Line's merciless competition. But about five years ago, according to this account, the Dutch Government offered a large subsidy to a line of steamers built for the fruit-carrying trade and intended on the outward trip to stop at Barbados, Trinidad, Demerara and Surinam. These steamers

were of such superior character as to justify the belief that they would acquire the control of the business. The communication then continues with the following account:

Messrs. Outerbridge & Co., confronted by a line which they could not drive off by their usual methods, joined hands with them, canceled former agreements they had with Barbados and Demerara merchants and, jointly with the Dutch Line, raised their rates from 27½ cents to Barbados and 35 cents to Demerara to 45 cents per barrel. The Dutch steamers two months ago passed over to the United Fruit Co., under the above arrangement, and are now employed principally in the Central American fruit trade, but so profitable has this arrangement proved to the agents that they are now continuing this business with chartered steamers.

As a matter of fact, Messrs. L. W. & P. Armstrong (representing the New York & Demerara Steamship Co.) who were running an independent line, have been obliged to give up the charter of the *Uller*, which was promptly taken up by the agents of the Royal Dutch West India Mail, and it was thus reserved to the Quebec Line to drive New York out of the West India trade, through an illicit combination with the Pickford & Black Line, of Canada, with whom they maintained a uniform schedule of rates, entirely forgetful of the fact that a Canadian railroad, being interested in the Pickford & Black Line, makes very low rates of freight from southern Canada to Halifax, so, as a matter of fact, Ontario goods can be shipped via Halifax at 10 cents per barrel less than they can be shipped via New York (vol. 1, p. 1395).

The Porto Rican Trade.¹

Enumeration of regular line services.—Since its acquisition by the United States Porto Rico's export and import trade has developed in an unprecedented manner. In 1900 its imports from the United States were valued at \$3,286,168, and the exports to the United States at only \$2,477,480. By the end of 1912 these figures had grown to \$38,470,963 and \$42,873,401, respectively. It is also worthy of note that of the island's total import and export trade 87.8 per cent (89.5 per cent of the imports and 86.2 per cent of the exports) is controlled by the United States.

Exclusive of the Benner Line of sailing vessels and a certain amount of tramp-vessel service, this large and rapidly growing trade with the United States is controlled by four steamship lines, viz,

¹ Although constituting a division of the domestic commerce of the United States, it was found advisable to make the discussion of the relations between steamship lines engaged in the Porto Rican trade a subdivision of the chapter dealing with the American-West Indian trade.

the New York and Porto Rico Steamship Co., the Insular Line (owned exclusively by F. K. Curtis), the A. H. Bull Steamship Co., and the Red "D" Line (Atlantic & Caribbean Steam Navigation Co.). All of the lines operate to and from New York, but the New York & Porto Rico Steamship Co. also conducts a service to and from New Orleans, and another from Galveston and Port Arthur, and is the only line operating from southern ports. Of these lines the first three are by far the most important in the trade, the Red "D" Line merely calling at the two Porto Rican ports of San Juan and Mayaguez on its route to and from Venezuelan ports. Moreover, this line's Porto Rican cargo is very limited, consisting principally of coffee and tobacco northbound. It carries no raw sugar at all (this commodity constituting 63.4 per cent of the island's total exports), because of the objectionableness of sugar as freight in conjunction with the coffee cargo carried by the line. All the other lines practically serve all the ports of the island, and handle the same general cargo both northbound and southbound (vol. 1, p. 650).

Rate wars in the Porto Rican trade.—The Managements of all four lines, in reply to the Committee's Schedule of Inquiries, have denied the existence of any agreements or understandings with any other lines engaged in the trade; and, with the exception of Messrs. A. H. and E. M. Bull, representing the A. H. Bull Steamship Co., all the representatives of the lines called before the Committee have testified to the same effect. In fact, all the evidence shows that for many years the lines engaged in this trade have had on their hands a constant succession of rate wars, and at present are engaged in a competitive struggle (occasioned by the entrance into the trade in 1911 of the A. H. Bull Steamship Co.), which for bitterness and the extent of the rate cutting has been rarely surpassed. Each of these wars continued until, through financial exhaustion, the lines were forced to come together and conclude an agreement. Rates would be restored and temporarily maintained, but only until a newcomer into the trade would force another contest for supremacy, as savage as its predecessor. Nearly all witnesses before the Committee have regretted the apparent impossibility of conducting this trade in a spirit of peace rather than war. Shippers in the trade who have communicated with the Committee also regarded the present cut rates as ridiculously low and ruinous to the maintenance of an efficient service.

They are almost unanimous in condemning cutthroat competition, as resulting in objectionable discriminations between shippers, and in asserting that the present state of affairs means an impairment in the efficiency of the regular line service, not merely because of financial loss to the lines, but by reason of the fact that many shippers wait for the cut-rate weeks when the Bull line has sailings, thus causing a congestion of cargo so serious as to greatly delay the movement of freight.

An understanding of the causes and nature of the existing rate war between the lines can best be had by briefly considering the chain of events preceding the entrance of the A. H. Bull Steamship Co. into the trade in 1911. According to the evidence, Mr. A. H. Bull started a sail-vessel line to Porto Rico about 1873, which was later converted into a steamer line. Hardly had this steamship line been successfully started when Mr. J. M. Ceballos sought to drive it out of the trade. Rates were cut to 10 cents a barrel, and contracts with shippers were made in Porto Rico by Mr. Ceballos, providing for a payment of a rebate at the end of the year, if shipments were confined exclusively to his line. Neither being able to eliminate the other, and both having lost heavily, the two interests combined and formed the New York & Porto Rico Steamship Co., each accepting a one-half interest and the A. H. Bull interests assuming the management of the business on a commission basis (vol. 2, p. 1209).

Discriminations between shippers were now eliminated and, despite the objections of many in the trade, the same rates were charged all shippers, irrespective of the volume of freight furnished. "For eight years," Mr. Bull testified, "there was no competition, nor was any wanted by the merchants." Then followed the acquisition of Porto Rico by the United States, and the line was obliged to employ American steamers. New steamers were built and, in order to finance them, the line was obliged to issue bonds, which Mr. John E. Berwind was induced to take (vol. 2, p. 1209). Following this, owing to internal dissensions and criticisms of the management of the line, Mr. Bull felt forced to sell out his interest, and in order to sell was obliged (in 1900) to sign a bond to remain out of the Porto Rican trade for a period of 10 years (vol. 2, p. 1209). This bond, Mr. Bull asserted, was drawn up by Mr. F. K. Curtis, then counsel for Mr. John E. Berwind, and now sole owner of the Insular Line (vol. 2, p. 1210).

About 1905 a representative of the firm of W. E. Peck & Co., while in Porto Rico in the interest of the firm as commission merchants, took note of the New York & Porto Rico Steamship Co.'s practical monopoly of the trade between the United States and the island. As a result the so-called Peck Line was started, Messrs. W. E. Peck & Co., as general agents, controlling the majority of the stock (vol. 2, p. 770). They established rates lower than the New York & Porto Rico Steamship Co.'s tariff, and at once brought on a freight war which lasted until some time in 1906, both companies losing heavily. Following this rate war, W. E. Peck & Co. notified their stockholders, as testified by Mr. E. M. Bull, "that certain persons, whom they were not at that time at liberty to mention, had made them an offer to take over the Peck Line and continue its existence" (vol. 1, p. 770). Since the freight war had exhausted the funds of the line, the majority of the stockholders agreed to accept the offer, W. E. Peck & Co. continued to act as general agents, and the name of the line was changed to the Insular Line (vol. 1, p. 770). This line, it may be stated here, is now owned by the Corporate Organization & Audit Co., all of the stock of which is owned by Mr. F. K. Curtis (vol. 1, pp. 688, 689). Mr. E. M. Bull also testified (1) "that the Peck Line ran a service from New Orleans as well as New York, but as soon as it became the Insular Line the service from New Orleans to Porto Rico was discontinued and the New York & Porto Rico Steamship Co. had that field to itself"; and (2) "the New York & Porto Rico Steamship Co., put its rates back to the published tariff, and the Insular Line maintained the New York & Porto Rico Steamship Co.'s tariff, less varying percentages, I believe not exceeding $16\frac{1}{2}$ per cent. This difference in rates about covered the difference of the cargo insurance between the two lines. As Mr. Curtis stated, his boats were older, and merchants who shipped by them had to pay higher rates of insurance than they did via the Porto Rico Line" (vol 1, p. 770).

No sooner had the Insular Line succeeded the Peck Line, than, according to the testimony of Mr. Curtis (vol. 1, pp. 689, 690-691, 692, 707-708), a rate war began with the Red "D" Line. The regular tariff rates were cut at least $33\frac{1}{3}$ per cent, and on some articles 50 and 60 per cent, and the Insular Line notified shippers by circular that it would grant the same discounts from the tariff as the Red "D" Line and "in addition to such discount will allow a brokerage

of 5 per cent on the amount of freight paid, * * * the same to be deducted from the net amount thereof." (For sample notice see vol. 1, p. 691.) It is worthy of note that the Insular Line's circular to shippers refers only to the Red "D" Line and does not mention the New York & Porto Rico Steamship Co., which Mr. Curtis testified "did not participate in the fight, if I remember correctly" (vol. 1, p. 692). This freight war was continued, according to Mr. Curtis, until both lines "decided that they had enough." Both lines decided to "just restore rates," but Mr. Curtis was certain that this restoration of rates was absolutely not the result of any agreement or understanding (vol. 1, pp. 692, 693).

This brings us to the present rate war, instituted in 1911 by the entrance of the Bull Steamship Line into the trade. Mr. Bull's 10-year bond, whereby he agreed with the New York & Porto Rico Steamship Co. to remain out of the Porto Rican trade for that number of years, had now expired. Although threatened with dire punishment, he saw fit, in the early part of 1911, to start steamers in the trade, and thus once more a freight war followed which for the extent of the rate cutting seems to have no limit.

Mr. Bull's troubles in conducting this contest, as related to the Committee in his testimony as well as in his answers to the Committee's Schedules of Inquiries, are many. In the first place, he reported to the Committee that "In the winter of 1911-12 we endeavored to charter steamers on time charter for the Porto Rican trade. We found there was an agreement existing between the Estate of Lewis Luckenbach, Edgar F. Luckenbach, the New York & Porto Rico Steamship Co., the Insular Line and also all other subsidiary lines of the Atlantic, Gulf & West Indies Steamship Lines, by which we could not charter a steamer from any of the individuals or corporations named above, unless we agreed that they would not engage in the Porto Rican trade. This condition exists at the present time. Although the Insular Line will charter to the New York & Porto Rico Steamship Co., and the latter line to the Insular Line, or the Estate of Lewis Luckenbach or Edgar F. Luckenbach will charter to either, it is impossible for us to charter any outside boat at any price for the Porto Rican trade". The reply of Mr. Curtis to this charge is that when his line began to charter Mr. Luckenbach's ships it was only reasonable to ask him, if his vessels were chartered for a period of three years, not to furnish any of his

other vessels to competitors. To prevent Mr. Luckenbach from doing so, the agreement provided that the charter rates paid by the Insular Line would be reduced 10 per cent if he placed any of his many other ships in the trade (vol. 1, p. 701).

In the second place, the Management of the Bull Steamship Co. reported to the Committee that the Insular and New York & Porto Rico Steamship Lines have informed them "that they will follow up all the business we are doing and as fast as our contracts with shippers expire, they will either oblige us to take the business for nothing or force us out." Moreover, the Bull Steamship Co. is also engaged in the Atlantic coastwise trade, and in this connection the Management reports that "the New York & Porto Rico Steamship Co. being a part of the Atlantic, Gulf & West Indies Steamship Lines, which controls steamers covering practically the whole coast, the whole company joins in attacking any line that may be competing against any of its subsidiary lines."

Lastly, the Management reported that "the two competing lines (New York & Porto Rico Steamship Co. and the Insular Line) which touch all the ports of Porto Rico, maintain their respective tariffs, except when we have sailings, when they cut their tariffs 70 per cent." The Bull Steamship Co., it seems, began business with a cut of 20 per cent below the New York & Porto Rico Co.'s tariff (vol. 1, p. 392) and publicly announced by circular that they would make a discount from present tariff rates, that their reentry into the Porto Rican trade would secure for shippers lower freight rates and more considerate treatment from all lines, that their withdrawal for lack of patronage would mean the immediate restoration of former high rates, and that it was their intention to meet all competition. (For copy of circular see vol. 1, p. 638.) The 20 per cent cut with which the line began, as Mr. A. H. Bull explained, "was very little lower, only about 3 or 4 per cent, than the Insular Line was then carrying freight for, as they had what they called a system of discounts, a discount of 10 to 16 $\frac{2}{3}$ per cent" (vol. 1, p. 393).

The Bull Steamship Co. having announced a cut in rates, the representatives of the other lines testified that there was nothing else to do but to meet the rates and to adopt measures for protection. The Insular Line issued numerous circulars to the shipping public (repro-

duced in vol. 1, pp. 393-399) outlining the line's "policy of meeting cut-rate competition," and calling attention to the fact that in the weeks when the Bull Steamship Co. had sailings the line would give a stated discount (cut-rate) greater than its *established discount*. Some of the circulars offer a "positive guarantee" that the line's "net rate to the same ports by a steamer sailing in the same week will be 5 per cent lower than the net rates accepted by the A. H. Bull Steamship Co. on freight carried by them in that week to such ports." This offer to go the Bull Line 5 per cent better was adopted on the ground that "as our competitors had no regular tariff, but were apparently quoting different rates on every steamer, we issued a circular saying that the Insular Line would give rates 5 per cent less than those quoted by the Bull Line in competitive weeks to competitive ports" (vol. 1, p. 395). Still other circulars called attention to the fact that cargo was being offered for every steamer largely in excess of the carrying capacity of the steamer, and that, since this worked a hardship on shippers, "all of whom expected reduced rates this week," the line was forced to adopt a policy, when necessary, of cutting down the requests for cargo space proportionately, so that the line would not be under the necessity of leaving any cargo behind for which bills of lading had been signed.

At first, as stated, the regular tariff rates of the New York & Porto Rico Steamship Co. were cut 20 per cent. Soon, however, the cut was extended successively to 25, 35, 40, 50, 60, and finally 70 per cent. After about six months of rate cutting by the Insular Line, the New York & Porto Rico Steamship Co. also began issuing circulars announcing rate discounts, which Mr. A. H. Bull testified reached 70 per cent, while the Red "D" Line cut the rates by at least 50 per cent (vol. 1, p. 403). The circulars, however, expressly provide that the discounts will be granted only in the weeks when the Bull Line has sailings, in many instances, for example, reading to the effect that "as the Bull Steamship Co. have failed to keep their promise of a sailing on June 10, please note that rates by our steamers sailing on the 10th will be our regular tariff rates." Special attention is also called to the fact that all of the Insular Line's circulars, despite the cutting of rates by all the lines, deal exclusively with the Bull Steamship Co. and make no reference whatsoever to any opposition from the New York & Porto Rico Steamship Co.

Attempts to effect a settlement.—While the evidence is very conflicting as to who took the initiative in making overtures for the cessation of hostilities and the conclusion of an amicable working arrangement, each accusing the other of having made the first move to suggest an agreement or understanding (and in this respect great fear of violating the Sherman Antitrust Law is entertained by all), the evidence before the Committee can leave no doubt that both sides are tired of the struggle, and that both from the very beginning of the contest probably sought a reconciliation. Mr. A. H. Bull, on the one hand, testified that, at about the time his line entered the trade, he wrote to Mr. John E. Berwind, a director of the New York & Porto Rico Steamship Co. and tried to convince him of the foolishness of trying to drive him out by rate cutting, and suggested that the matter had better be compromised at once, as in any event it would have to be done in the end (vol. 1, pp. 1210–1211). At the time when Mr. Morse sought to effect his combination of steamship lines, Mr. Bull claims that Messrs. Berwind, Curtis and Mooney, (the latter being Vice President of the New York & Porto Rico Steamship Co.) sought to have him put his boats in the deal and retire from the business (vol. 2, p. 1211). Moreover, Mr. Curtis in November of 1911, made Mr. Bull a memorandum offer (published in vol. 2, p. 1212) whereby, as stated by Mr. Bull, “he wished us to charter three of our steamers to the Insular Line and agree not to charter any other of our fleet for the Porto Rican business.” When it was seen that the Bull Line had entered the Porto Rican trade in earnest, Mr. J. D. Phillips, Vice President and Secretary of the Insular Line, also offered (testimony of A. H. Bull, vol. 2, p. 1210) to charter its steamers, and offered even more for them than Mr. Bull had previously offered to let him have them for. According to the testimony Mr. Mooney also expressed his willingness to allow the Bull Line 50,000 tons of sugar and two steamers in the trade, but only on the condition that the line would make its rates the same as those of the New York & Porto Rico Line (A. H. Bull’s testimony, vol. 2, pp. 1213–1214).

On the other hand, Mr. Mooney testified that Mr. Bull expressed a desire not to have a rate war, and voluntarily offered to limit the amount of his tonnage in the Porto Rican trade or the number of sailings, the same to be mutually agreed upon, provided that he would be allowed to enjoy a 25 per cent differential (vol. 1, p. 630).

This proposition was declared by Mr. Mooney to be impossible since in his judgment it was in violation of the Sherman Anti-Trust Law, as it was in restraint of trade. The remainder of Mr. Mooney's testimony may be summarized as follows: Mr. Bull upon inquiry admitted that his proposition was illegal, but stated that a "gentlemen's agreement" could legally be entered into. While the New York and Porto Rico Line was willing to charter his ships, it was not willing to enter into an agreement with him. Under those conditions Mr. Bull was determined to run his own line and stated that if an amicable arrangement were not concluded with him, he would fight and cut rates until he forced recognition (vol. 1, p. 630).

Friendly relations between the Insular and New York & Porto Rico Steamship Lines.—Although both Mr. Mooney and Mr. Curtis denied absolutely the existence of any relationship between the lines by agreement, understanding, ownership or interlocking directorates, either directly or indirectly, there are many facts which would seem to indicate that the two lines are on the most friendly terms and act in unison. All the information obtained by the Committee from numerous shippers in the trade tends to confirm this conclusion. Not only does the testimony appear to show that the Insular Line is allowed by the New York & Porto Rico Steamship Co., the dominant carrier in the trade, to have a share of the business from New York at an established schedule of discounts from the New York & Porto Rico Line's tariff, but, as already stated, immediately following the acquisition of the Peck Line and the establishment of the Insular Line, the rate war of 1906 ceased and the Peck Line's service from New Orleans was discontinued, leaving the regular line service from Gulf ports solely in possession of the New York and Porto Rico Line. All the circulars of the Insular Line announcing cut rates, it will also be recalled, were directed solely against the Bull Line, although the New York & Porto Rico Line was also cutting rates with a vengeance.

All the testimony of Messrs. A. H. and E. M. Bull is also to the effect that the two lines are working in thorough accord. The following facts were offered by them as confirming their belief in this respect:

(1) That the New York & Porto Rico Line has accorded a position in the trade to the Insular line, and allows them to have a

part of the business without competition, and that Mr. Mooney has, in fact, stated that much (A. H. Bull's testimony, vol. 2, p. 1213). Mr. Curtis, as owner of the Insular Line, could not have hoped to continue in the trade, if he had not induced the New York & Porto Rico Line to leave him unmolested. Mr. Ernest Bull testified that at the time the Bull Line entered the trade, Mr. Phillips of the Insular Line offered to charter its boats, and while denying that there was any arrangement between the lines, stated that "as long as we maintain the rates we are now taking there will be no fight between the Insular Line and the New York & Porto Rico Steamship Co." (vol. 2, p. 774).

(2) That at the time Mr. F. K. Curtis organized the Insular Line, he was Secretary and Treasurer of the United States & Porto Rico Navigation Co., which owned all the vessels operated by the New York & Porto Rico Steamship Co. This is shown by the following testimony of Mr. E. M. Bull, (vol. 2, p. 771): "Mr. Curtis stated that he is the Insular Line. According to Moody's Manual Mr. F. Kingsbury Curtis was Secretary and Treasurer and a member of the Board of Directors of the United States & Porto Rico Navigation Co. during the years 1903, 1904, 1905, and 1906, or up to the time that his company was bought by C. W. Morse. The United States & Porto Rico Navigation Co. was the holding company, or parent company, which owned all of the property operated by the New York & Porto Rico Steamship Co. of New Jersey. After Mr. Morse bought control of it in April, 1907, the New York & Porto Rico Steamship Co. of Maine became the successor of the United States & Porto Rico Navigation Co. You, therefore, will see that according to Mr. Curtis's testimony he states the Insular Line was started in the fall of 1906. I do not think it is too much to assume that Moody's Manual is correct, and at the time the Insular Line was started that Mr. Curtis was Secretary and Treasurer and a member of the Board of Directors of the United States & Porto Rico Navigation Co., which controlled all the property operated by the New York & Porto Rico Steamship Co. of New Jersey." It should also be stated that the New York & Porto Rico Steamship Co. of Maine (owning the New York & Porto Rico Steamship Co. of New York, the operating company) is owned in turn by the Atlantic, Gulf & West Indies Steamship Co., a corporation formed to take over most of the Morse

interests after his failure. In the reorganization following the collapse of Mr. Morse's steamship combination, Mr. Curtis, as counsel, not only represented Mr. John E. Berwind, from whom Mr. Morse had bought stock of the New York & Porto Rico Line and had not paid for it, but also Mr. Morse's creditors generally, in connection with the reorganization committee of the lines (vol. 1, pp. 696-697).

(3) That when the Peck Line chartered Luckenbach boats under time charter, there was no arrangement in the agreement, such as the Insular Line afterwards had, providing for a 10 per cent deduction in case Mr. Luckenbach chartered vessels to anyone else in the trade. The fact also remains that while no boats can be chartered to the Bull Line, Mr. Luckenbach can charter boats to the New York & Porto Rico Line as well as the Insular Line, i. e., the Insular Line made a contract with the Luckenbachs forbidding them to charter to competitors, except the New York & Porto Rico Line (vol. 2, p. 773).

Rates from New York and from New Orleans and Galveston to Porto Rico compared.—Mr. H. H. Haines, Traffic Manager, of the Galveston Commercial Association, complained to the committee that while "ordinarily every other rate out of Galveston to every port in the world is the same as the rate from New Orleans, * * * this is not the case with reference to Porto Rico, which, while buying a great deal from Texas, is barred to us on the New Orleans basis, simply because we have no competition" (vol. 2, p. 1113). The New York & Porto Rico Line, as already pointed out, is the only line operating from Gulf ports to Porto Rico, and its rates from New Orleans are about 15 per cent higher than from New York, and from Port Arthur and Galveston about 20 per cent. (Testimony of F. D. Mooney, vol. 1, p. 648.) The difference in rates between New Orleans and Galveston is attributed by Mr. Mooney to the greater distance from Galveston to Porto Rico (New Orleans being 152 miles nearer), and the higher cost of bunker coal and dock facilities at Galveston (vol. 1, pp. 648-649). It may be added here that the New York & Porto Rico Line is a member of the Gulf Foreign Freight Committee, the membership of which, as we have seen, also comprises all of the lines operating from Gulf ports to Cuba.

Mr. Haines further testified that to overcome the difference in rates between New Orleans and Galveston, he and other parties of Gal-

veston sought to operate their own line. Their inability to charter an American steamer for the trade, and the reason for their failure is set forth by Mr. Haines as follows:

We found a steamer on satisfactory terms and were prepared to charter it. When we came to close the contract the people who owned the boat asked us where we expected to run and we told them to Porto Rico. They responded that under no circumstances could they charter us a boat to put in competition with any of the coastwise lines regularly operated. * * * An extract from a letter of the agents proposing to charter that steamer stated that "as a matter of fact the owners of this vessel, or any other steamer belonging to the coastwise trade, could neither be sold nor chartered to run in competition to any of the domestic lines running out of New York. This seems to be a natural agreement, so you would have to give me all the particulars before going any further into this matter." (Vol. 2, p. 1112.)

Contracts with shippers and discrimination in rates between shippers.—In the absence of an amicable understanding between the lines in a given trade, the desire for self protection causes each line, unless prevented from doing so by government regulation, to resort to secret and preferential arrangements with individual shippers in order to secure their freight. In this respect the Porto Rican trade offers an excellent illustration of the existence of special contracts with shippers and discrimination in rates.

Representatives of the Porto Rican lines have frankly acknowledged that shippers in this trade, under present conditions, are not treated alike. Mr. F. D. Mooney testified that the New York & Porto Rico Steamship Co. has many special contracts with shippers in both the homeward and outward voyages, that different contracts quote different rates, but that no system of deferred rebates exists in the trade (vol. 1, p. 632, 637). He was frank in stating that, under present conditions, one shipper might be granted rates lower than another; that at a given time, and on the same vessel and with reference to the same commodity, a large shipper might get a more favorable rate than his smaller competitor; and that his line made a distinction between shippers on account of the quantity shipped (vol. 1, pp. 634, 635, 636).

In its circular letter to shippers, under date of July 12, 1911 (vol. 1, p. 395), the Insular Line gives the following lucid explanation of the effect which the rate war had in compelling it to change its

former policy of charging uniform rates to all shippers. The following is the statement:—

We feel that the trade with Porto Rico in order to flourish requires a weekly service at steady and reasonably remunerative rates rather than infrequent sailings at fluctuating tariffs and cut rates which can not be permanent. We feel also that the importers in Porto Rico will make no greater profit from their business with fluctuating tariffs and cut rates than under our former regular, reasonable, and steady rates, which were the same for every shipper, yet we feel that we, who have always quoted lower rates than any other steamship line in the field and who have quoted uniform rates to all shippers of the same kind of merchandise by the same steamer, can not allow our competitors to take credit to themselves for the present reductions in rates which were forced upon them by us. The policy of this company has been and will at all times continue to be based upon giving our customers the lowest rates to Porto Rico, so that in the near future shippers may expect to see as much as 70 per cent discount from the Porto Rico Line tariff rates.

Mr. Mooney testified that his line “makes its rates according to conditions and they naturally vary,” and that it has special contracts with a great many shippers, among them being the American Tobacco Co., National Packing Co., Swift & Co., the Texas Co., etc. (See list in vol. 1, p. 636.) The form of the contract is the same in all cases, except where port conditions are different, or where different rates may be quoted (vol. 1, pp. 636, 637). The contract of May 23, 1912, with Swift & Co. (vol. 1, pp. 632–634), for example, provides that the shipper has the privilege of forwarding via steamers of other lines than those of the New York & Porto Rico Steamship Co. ten per cent of all their provision shipments between the United States and Porto Rico, but in consideration of the rates named it is understood that during the life of the agreement all their remaining provision cargo is to be shipped by the contracting line’s vessels. It is further agreed that *if any general reduction* is made by the line in its present freight rates on commodities handled by the shipper, the latter are to have *the proportionate benefit* of such reduction during the period that the contract is in force.

When asked to furnish his line’s contracts with shippers, Mr. Mooney requested that there be no disclosure of the rates charged (vol. 1, p. 636). Mr. Bull, likewise, requested that he be not asked to disclose his contract arrangements with shippers, since, as he states in reply to the Committee’s Schedule of Inquiries “self-protection

makes it imperative that we withhold any information regarding this subject at this time for the reason that our competitors have informed us that they will follow up all the business we are doing, and as fast as our contracts expire will either oblige us to take the business for nothing or force us out. There is nothing we wish to withhold except so far as our competitors may secure the information to use against us." He testified that his line can only protect itself with long-term contracts, some for three years, and that in this way it is "getting a higher rate of freight to Porto Rico than either of its competitors on a great many things" (vol. 1, p. 413).

CHAPTER IX.

TRAFFIC AGREEMENTS BETWEEN AMERICAN RAILROADS AND FOREIGN STEAMSHIP LINES.

Extent of Agreements.

Since such agreements have not been filed with any governmental authority, except in a limited number of instances, it was found necessary to obtain the same directly from the rail and water carriers. Accordingly the Committee requested all the railway companies of the country at all likely to have affiliations with water transportation companies to answer the following inquiry:

Has your company any traffic agreements, or any understandings or working arrangements, with any water transportation lines either domestic or foreign as regards any of the following: (1) the establishment of a service between designated ports; (2) through routing arrangements; (3) the division of traffic, or a territorial division of routes; (4) the provision for an exclusive working arrangement between the railroad and the steamship line in matters of water transportation; (5) mutual assistance in obtaining traffic; (6) meeting the competition of other lines; (7) the time and number of sailings between designated ports; (8) the fixing, maintenance and division of joint rates. If so, give the names of such navigation companies, firms, or lines. FURNISH A COPY OF EACH AGREEMENT IF IT EXISTS IN WRITING. If any of the agreements or understandings, referred to above, have not been reduced to writing, state the essential terms of such agreements or understandings.

All except 7 of the 185 railway companies to whom this inquiry was directed complied with the Committee's request. These replies show that New York, New Orleans and Galveston are apparently "open ports," all of the railroads leading thereto having answered all the divisions of the above-mentioned inquiry in the negative. Nearly all other Atlantic, Gulf and Pacific ports of the country, however, are served by at least one, and in some instances by from four to six, foreign steamship lines which have entered into prefer-

ential traffic agreements with the leading railroad or railroads centering at these ports. At least 32 such agreements or arrangements have been brought to the attention of the Committee, and it is the purpose of this section of the report to outline the essential stipulations of these agreements as reported to the Committee, special emphasis being given to those provisions which are exclusive or preferential in their application. For the sake of clearness the agreements are classified by ports, the ports in turn being grouped under the respective headings of "Atlantic Ports," "Gulf Ports," and "Pacific Ports."

As introductory to the discussion it should be stated that a considerable number of the agreements, as submitted to the Committee, show that in certain respects an exclusive alliance exists between the parties to the contracts. It also appears that following the Interstate Commerce Commission's decision on May 7, 1912, (*The Mobile Chamber of Commerce, et al. vs. the Mobile & Ohio Railroad Co. et al.*, I. C. C. 4242, and to be referred to later), a number of the exclusive contracts were modified in a few particulars so as to become, using the railroads' expression, "preferential" rather than "exclusive" contracts. The distinction between "preferential" and "exclusive" agreements with steamship lines is a frequent and very much emphasized feature in the communications directed to the Committee by railroad officials. But a careful reading of the modified contracts, with their many provisions for a "preferential" alliance between the parties in the use of railroad terminals and the solicitation and exchange of freight, causes one to wonder whether the change from a condition of "exclusiveness" to one of "preference" means much in actual practical results. It is believed that in this respect the terms of the agreements as outlined in the following pages will speak for themselves. Certain it is that most of the agreements have brought about a close preferential alliance between vast railway systems, controlling the traffic of large sections in the interior of the United States, and important conference steamship lines, which is bound to prove a powerful aid to the preferred water carrier as compared with any independent line not thus allied. In this respect attention is especially directed to the testimony of Mr. George S. Jackson, concerning the port of Baltimore, (vol. 2, pp. 1296 and 1299), Capt. Robert Dollar, relative to the port of Los Angeles,¹ and

¹ Hearings before the Senate Committee on Interoceanic Canals, on H. R. 21969, part 8, pp. 566, 567.

Mr. Horace Turner, with reference to Mobile.¹ All stated that independent steamship lines could be instituted at these ports if encouraged by the railroads and if allowed the use of railroad terminal and other facilities on the same favorable basis as the well-established lines.

Agreements with Reference to Atlantic Ports.

Agreements with reference to New York.

Excluding from consideration the various passenger agreements between nearly all the established North Atlantic steamship lines and the important railroad passenger traffic associations of the country,² New York is an open port. None of the railroads leading into New York makes any reference, in its replies to the Committee's Schedule of Inquiries, to the existence of any traffic agreement or arrangement with any steamship line operating from this port. Without exception, also, all of the steamship lines replying to the Committee's Schedule of Inquiries (and it may be repeated that these replies represent lines operating to all the geographic areas considered in the foregoing pages) denied under oath the existence of any agreements or understandings with American railroads which involve exclusive or preferential treatment. In fact, nearly all the steamship companies answered all the Committee's inquiries with reference to railroad agreements in the negative, and in only a few instances did the companies state that the railroads issued through bills of lading, the steamship company in every case, however, obtaining its own full rate for the ocean voyage.

Mr. Gottheil testified in this connection that agreements between the railroads and steamship lines are never made in New York, for the reason that there are so many railroads serving that port that there is no necessity for railroad agreements, and that the lines would rather be free to take cargo from every road. (vol 1, p. 367.)

¹ Hearings before the Senate Committee on Interstate Commerce on S. 47113 and S. 957, part 7, pp. 371 and following.

² These agreements, together with an outline of the arguments for and against the same, were fully discussed on pages 48-51, inclusive, of the chapter dealing with "Passenger Agreements in the American-European Trade". These railroad agreements were considered in connection with the discussion of steamship passenger agreements and pools in order to explain fully the manner of handling the steerage traffic. As shown in the foregoing pages, these agreements give to the contracting parties privileges which are withheld from outside competitors.

But he added that "when we consider other ports where the railroads own the docks and where the steamship lines are obliged to go to their terminals and load cargo, the condition is somewhat different. * * * The situation at present is that all along the coast the railroads do what they can to develop the port to which they are running. I think that the railroads have forced more than one steamship company to give them a service, although, perhaps, the conditions did not really warrant it. I know that the Boston roads have forced the steamship companies to go into Boston and take rates which they can get just as well at New York." (vol. 1, pp. 367, 368.)

Agreements with reference to Boston.

The replies of the several railroads and steamship lines serving the port of Boston to the Committee's Schedule of Inquiries indicate the existence of at least six agreements, viz., those between:

(1) The Boston & Maine Railroad Co. and Furness, Withy & Co., (originally entered into between the Fitchburg Railroad Co. and the Warren Steamship Line on October 1, 1899, and renewed on March 1, 1912, by the successors to these companies), with reference to the Liverpool service.

(2) The Boston & Maine Railroad Co. and the Dominion Line (subsidiary of the International Mercantile Marine Co.), concluded on January 25, 1903, with reference to the Liverpool service.

(3) The Boston & Maine Railroad Co. and the Holland-American Line (concluded December 7, 1909, and extended on January 10, 1910, for a period of five years), with reference to the maintenance of a service to and from Rotterdam and Amsterdam.

(4) The Boston & Maine Railroad Co. and the Hamburg-American Line (entered into June 30, 1901, for a term of one year subject thereafter to termination by three months notice from either party to the other), relative to the traffic to and from Hamburg.

(5 and 6) The New York Central & Hudson River Railroad Co., lessee of the Boston & Albany Railroad, and the Cunard Steamship Co. and the Leyland Steamship Line, relative to the Liverpool service.

Of the foregoing agreements the first two, between the Boston & Maine and Furness, Withy & Co., Ltd., and the Dominion Line, are substantially the same in all essential particulars. In both instances the steamship lines agree to operate a regular service of prescribed

frequency from certain docks of the railroad company, and in soliciting and engaging cargo to give preference, as far as practicable, to freight furnished for shipment by the railroad company, "the intention being to give the railroad company a preference in this respect." The steamship lines are given the exclusive right to use the docks mentioned in the contract (Hoosac Tunnel Docks), and their steamers must dock only here, or where permitted by the railroad, "and nowhere else within the port of Boston." But it is understood that the agreements do not prevent the steamship lines from using "their inland carriers for any freight between Boston and points not reached by the railroad or its connections, nor for export freight from any points whatever in case of failure of the railroad company to secure the amount required by the steamship line."

The railroad promises to furnish the steamship lines as low inland rates as it furnishes to any other line of steamships plying from the same docks, and the two parties agree to mutually assist each other in soliciting and canvassing freight, "the intention and meaning of the agreement being that the joint service shall be thoroughly performed so as to promote and encourage such joint business, to the mutual profit and interest of the parties hereto". It may be added that the agreement with Furness, Withy & Co. contained one provision not found in the agreement with the Dominion Line, viz., that: "If the traffic does not prove profitable the steamship company shall have the privilege of withdrawing any or all boats entirely from Boston, but shall not run them from any other American port, Portland to Newport News inclusive, or any intermediate port". Upon the renewal of the contract for another five years from March 1, 1912, the words, "but shall not run them from any other American port, Portland to Newport News inclusive, or any intermediate port", were stricken out. But the renewal contract again declares that it "is to be clearly understood that so long as the boats run to the port of Boston they shall run to the Hoosac Tunnel Docks, as provided for in said contract".

According to the Boston & Maine's agreement with the Holland-American Line, the steamship line agrees to establish a regular and efficient service from Rotterdam to Boston, and vice versa, primarily for the carriage and accommodation of freight to be furnished by or through the railroad or its connections. In the main the preferential treatment accorded by the parties to each other is not so apparent as

in the other agreements pertaining to the port of Boston. The contract is comparatively brief, the steamship line simply obligating itself to deliver to the railroad all freight imported over its line from or through Rotterdam and Amsterdam, bound to points on the railroad or its connections, and not designated by the shippers to be carried over other routes; and the railroad agreeing at all times to use its best endeavors to promote the business of the steamship company, and to furnish free wharfage facilities. Both parties offer to aid each other mutually in the solicitation of freight and to accord each other rates which in competition with other routes will enable the traffic to move.

A consideration of the Boston & Maine's agreement with the Hamburg-American Line, as regards the service to and from Hamburg, will show that in most particulars it is similar to the agreements concluded with Furness, Withy & Co. and the Dominion Line, although in a few respects (to be noted) it is more preferential.¹ Special attention is called to the following provisions:—

(1) Section 2, providing that the railroad company “agrees not to furnish the use of its wharves and docks to steamers of other parties plying between Boston and Hamburg, excepting therefrom steamers carrying grain only. If increase of service is found to be necessary it must be mutually agreed to.”

(2) Section 2, providing that the steamship line agrees during the continuance of the contract that “all steamers, if any, managed or controlled by it from time to time, and regularly employed in the trade between the ports of Boston and Hamburg, shall dock on said Mystic Wharf and not elsewhere within the port of Boston.”

(3) Section 9, providing that “In the event of ocean competition to the steamship line between Boston and Hamburg being instituted from wharves of other railroads terminating at Boston, the railroad company shall cooperate with the steamship company in meeting such competition.”

(4) The agreement on the part of the railroad company, as expressed in the communication of March 28, 1912,¹ “Not to make a traffic agreement from Boston nor to grant accommodations at the

¹ Since this agreement is illustrative of the provisions of the Boston & Maine's contracts with other steamship lines, but in certain of its provisions is the most preferential contract submitted to the Committee with reference to the port of Boston, it, as well as the modification of March 28, 1912, is reproduced in full as Exhibit 1 (p. 259) in the exhibits to this chapter.

Boston & Maine's terminals to any other line of steamers between Boston and Hamburg, full cargo of grain excepted."

Although differing considerably in its wording from the foregoing agreements, the contract between the New York Central (lessee of the Boston and Albany R. R.) and the Cunard Steamship Co. aims to accomplish the same purpose as the Boston & Maine's contracts. As stated in the agreement "It is desired that relations in the nature of a close traffic alliance shall be maintained between the steamship company and the railroad company." The Cunard Line agrees that it will maintain regular sailings; that all of its steamships coming to Boston shall dock exclusively at wharves of the railroad and there discharge and receive their entire cargo; and that, so far as lies within its power, it will deliver to the railroad company all import freight destined to points reached by the railroad or its connections, and in contracting for export freight to give the preference to, and to use its influence in favor of, the railroad and its connections, provided the inland rates are as low as those made by competing routes, exclusive of the so-called "differential lines." But as in all preceding contracts this agreement declares that it shall not be considered as preventing the steamship line from using other inland carriers for any freight between Boston and ports not reached by the railroad or its connections, nor for export freight from any points if the railroad fails to secure the amount of freight required by the steamship line. The railroad company, on the other hand, agrees that it will reserve certain pier room for the exclusive use of the steamship line; that it will make all reasonable efforts to secure the amount of export freight required by the steamship line; that for both export and import freight between Boston and interior points it will make rates as low as those prevailing on similar traffic carried by its competitors, exclusive of the so-called "differential lines"; and that it agrees to give terms to the steamship company as advantageous as those given to any other steamship line using its wharves. The New York Central's Management also reports in its replies to the Committee's Schedule of Inquiries that it has a contract with the Leyland Steamship Line, the terms of which have been agreed upon by correspondence, and are therefore not contained in a single instrument. While the Committee was not furnished a copy of this contract, the report states that the understanding between the parties as regards

the collection of wharfage charges, the payment of charges and the liability for freight on the pier, are the same as stipulated in the contract with the Cunard Steamship Co.

Agreements with reference to Philadelphia and Baltimore.

The railroad companies serving the ports of Philadelphia and Baltimore have reported to the Committee under oath that they have no agreements or working arrangements with any foreign steamship lines that create or further any of the conditions enumerated under H. Res. 587. The Philadelphia & Reading Railway Co.'s management, however, reports that it does provide at Philadelphia, free of charge, terminal facilities and piers for handling inward bound and outward bound cargo for the Philadelphia-Transatlantic Line (between Philadelphia and London), Philadelphia-Manchester Line (between Philadelphia and Manchester), Furness, Withy & Co. (between Philadelphia and Leith), Scandanavian-American Line (between Philadelphia and Copenhagen and Baltic ports), Holland-American Line (between Philadelphia and Rotterdam), Hamburg-American Line (between Philadelphia and Hamburg), and the Allan Line (between Philadelphia and Glasgow).¹

In consideration of the terminal facilities thus provided, according to the report, the said steamship lines and the railway company cooperate in obtaining and handling the business between the ports mentioned and the interior, but the steamship lines also handle business in connection with other railroads as well as local business to and from the port. On the other hand, the railway company handles business in connection with other steamship lines, so that, it is

¹ Following the preparation of this chapter the Committee obtained copies of the four written agreements between the Philadelphia and Reading Railway Co. and the Scandinavian-American Line under date of Apr. 18, 1911; the Holland-American Line, under date of May 1, 1911; the Manchester Liners (Ltd.) under date of Jan. 1, 1913; and Furness, Withy & Co. under date of Jan. 8, 1913. The Committee was advised by the Philadelphia & Reading Railway Co. by letter under date of Sept. 19, 1913, that there are no other written agreements with any trans-Atlantic steamship lines and that the other working arrangements with trans-Atlantic lines, referred to in the Company's answers to the Committee's Schedule of Inquiries, are substantially as provided for in the above-mentioned four written agreements. Among the various provisions of these written agreements the following should be particularly noted:

1. The steamship company's steamers shall discharge and load at certain designated terminals of the railway company.

2. The steamship company agrees to cordially cooperate with the railway company, its agents and connections, in encouraging and promoting the movement of through traffic over the lines of the railway company via the port of Philadelphia.

3. The railway company agrees to furnish proper wharf accommodations to the steamship line free of charge.

4. The railway company agrees not to encourage and support any other service to load at the designated terminals on the berth from the port of Philadelphia to the foreign ports mentioned in the contract during the continuance of this agreement to the detriment of the steamship company.

claimed, there is nothing in the arrangement between the steamship lines and the railway company which prevents the railway company from taking (for example) business destined to London in connection with the Atlantic Transport Line, or the Philadelphia-Transatlantic Line, operating from London, from handling business in connection with the Pennsylvania or Baltimore & Ohio Railroads. In further consideration of the terminal facilities granted by the railway company at Philadelphia, the above-mentioned steamship lines, it is explained, undertake to maintain a sufficient number of sailings to properly care for the regular flow of business, the Philadelphia-Transatlantic Line, Philadelphia-Manchester Line, Scandanavian-American Line and Holland-American Line undertaking to provide a fortnightly service, or not less than two steamers per month.

Despite the foregoing explanation by the Philadelphia & Reading Railway Co., however, it should be stated that Furness, Withy & Co. (whose agreement with the Boston & Maine Railroad Co. has already been discussed and whose agreement with the Chesapeake & Ohio, Mobile & Ohio, and Southern Railway Companies with reference to the ports of Newport News and Norfolk will be referred to shortly) reported that it has "an arrangement for free wharfage with the Philadelphia & Reading Railway Co. as respects its Philadelphia services and with the Northern Central Railroad (leased by the Pennsylvania Railroad Co.) as respects its Baltimore service," and that "*these contracts are in substantially the same form*" as the agreement with the Boston & Maine Railroad Co., described in connection with the port of Boston.¹ The Donaldson Line, which, like Furness, Withy & Co., has an agreement with the Chesapeake & Ohio, Mobile & Ohio, and Southern Railway Companies with respect to Newport News and Norfolk, also reports that it has a traffic arrange-

¹ Following the preparation of this chapter the Freight Traffic Manager of the Pennsylvania Railroad Co. furnished a copy of the written agreement entered into between the Northern Central Railway Co. and Furness, Withy & Co. (Ltd.) as regards the Baltimore service. This agreement was made on Oct. 5, 1909, and provides:

1. That the railway company will work, as far as possible, with the steamship line in the trade between Baltimore and Leith, Scotland, and vice versa.

2. That the railway company will provide, free of expense, the necessary dock accommodations for the loading and discharging of steamers.

3. That the railway company will use its best endeavors to promote the business of the steamship line and cordially cooperate with it in all reasonable requirements to further its interests.

4. That it is "agreed that each party hereto will use their best efforts to promote the interchange of business tributary to both companies as against their individual and mutual competitors."

ment with the railroads centering at Baltimore for the providing of tonnage as the Glasgow traffic justifies.

Agreements with reference to Newport News and Norfolk.

The Chesapeake & Ohio, Norfolk & Western, and Southern Railway Companies have jointly concluded four agreements as regards Newport News and Norfolk, viz., (1) with the United States Shipping Co. on behalf of the Hamburg-American Line relative to the traffic from Newport News and/or Norfolk to Hamburg, or vice versa; (2) with the United States Shipping Co. on behalf of the Donaldson Line relative to the traffic to and from Glasgow; (3) with the United States Shipping Co. on behalf of the Holland-American Line relative to the traffic to and from Rotterdam and Amsterdam; and (4) with Furness, Withy & Co., Ltd., (successor to the Chesapeake & Ohio Steamship Co. Ltd.) relative to the traffic to and from London and Liverpool. All four agreements, which are preferential and in some respects exclusive in their character, are almost identical in their terms, and an outline of the essential provisions of the agreement between the aforementioned railway companies and the Hamburg-American Line (reproduced in full as Exhibit II of the exhibits to this chapter (p. 261) will serve as an explanation of all.

As long as regular and efficient service is furnished by the steamship line, the railways guarantee that all freight passing over their systems to Newport News and/or Norfolk for export to Hamburg shall, in so far as it is in the power of the railways to control the same, be shipped in steamers of the Hamburg-American Line. Ocean rates charged by the steamship line shall be the same as the accepted rates from Baltimore (with the exception of grain, cattle and cotton, the rates on which are to be agreed upon mutually from time to time with due regard to the rates ruling from Baltimore), and rates from Newport News and Norfolk shall at all times be on a parity with the rates made by the steamship company's more northern services, irrespective of the rates from Baltimore, but with due regard to the class of cargo required by the steamers. In the case of cargo peculiar to the south the steamship line agrees to have every possible regard for the competition prevailing through Gulf, South Atlantic and Virginian ports, "it being distinctly understood and agreed that all freight engagements made by the railways will be reported to and are subject to confirmation by the steamship company." Similarly, as regards imports into Newport News and/or

Norfolk, ocean rates of freight shall be no higher than the current rates accepted at the time by steamship lines running from Hamburg to either Philadelphia or Baltimore for similar goods; and it is further agreed that as regards all imports into Newport News and/or Norfolk covered by through rates, "the rates of inland freight shall be no higher than the inland rates from Baltimore."

The railways and the steamship company agree to use their best efforts to "extend, promote and improve the export and import traffic through Newport News and/or Norfolk". In this respect the railroads will afford every reasonable accommodation and facility in their power to the steamship line for the convenient reception, conveyance and delivery of freight. The railway companies further obligate themselves to use their best efforts to secure the cooperation of the Seaboard Air Line and the Atlantic Coast Line Railway Companies in delivering to the vessels of the steamship company all the export freight they control via Norfolk destined to Hamburg and Baltic ports.

Agreements with reference to Brunswick.

With reference to this port the Southern Railway Co. entered into an agreement with F. D. M. Strachan on November 2, 1909, for a steamship service to Liverpool, Manchester, Bremen and other foreign ports. In return for first-class freight steamers and regular sailings the railway company agrees to use its best efforts to obtain cargo for the steamers at ocean rates to be named by the steamship company but which are at all times to bear a fair relation to the ocean rates prevailing from south Atlantic and Gulf ports. The steamship line is given free dockage facilities, and the railway company further agrees that, unless compelled by legislative enactment or judicial decree to do otherwise, it will not issue through bills of lading to other steamers sailing direct from the port of Brunswick. On the other hand, the steamship line agrees not to enter into any arrangement with other parties to supply ocean service from the port without the consent of the Southern Railway Co., and also, to give the railway company the preference in transporting imports to the interior. Although the contract expired by its terms on January 1, 1913, the railway company reports that "the parties to the contract are working upon the same basis as before the expiration of the contract."

Agreements with Reference to the Gulf Ports.

Excluding from consideration the ports of Galveston and New Orleans (which as already stated are "open ports"¹), the answers to the Committee's Schedule of Inquiries show the existence of at least seven agreements between certain steamship lines and the railroads serving the other leading seaports of the Gulf. As submitted to the Committee all of these agreements are either "exclusive" or "preferential" in their provisions, and for the purpose of explanation have been grouped under the following ports:

Agreements with reference to Mobile.

Four preferential agreements with steamship lines have been submitted to the Committee by the railroads serving the port of Mobile, viz, (1) the agreement between the Munson Steamship Line and the Mobile & Ohio and Southern Railroad companies (dated May 13, 1912, and amended on October 15, 1912), relating to the steamship service between Mobile and South American ports; (2) the agreement between the Munson Steamship Line and Southern Railway Co. (dated August 15, 1906, and amended October 15, 1912, and January 10, 1913), relating to the service between Mobile and ports of Cuba, Mexico and the West Indies; (3) the agreement between the Munson Steamship Line and the Mobile & Ohio Railroad Co., (dated November 11, 1905, and amended on October 15, 1912, and January 10, 1913) relating to the service between Mobile and the ports of Cuba, Mexico and the West Indies, and (4), the agreement between the Mobile Liners, Inc., and the Southern and Mobile & Ohio Railroad companies (dated July 8, 1910, and amended October 30, 1912) relating to the service between Mobile and the ports of Liverpool, Bremen, Hamburg,

¹ No railroad or steamship line serving the ports of New Orleans and Galveston, in its answers to the Committee's Schedule of Inquiries, reported the existence of any exclusive or preferential agreements with reference to these ports. Mr. Horace Turner in the Hearings before the Senate Committee on Interstate Commerce, S. 4713 and S. 957, 62nd Congress, 2nd Session, part 7, also stated that such contracts do not exist at these ports (pp. 371 and following). He states: "Galveston has always been an 'open port' There is an intimation in the report that New Orleans was a 'closed port' until last season; this is not a fact. Several railroads—the Illinois Central, Southern and its allies—would not issue through bills of lading out of New Orleans to Liverpool, except via the Leyland-Harrison Line. New Orleans was an 'open port' and through bills of lading were given to every steamship line via every other European port. The public at New Orleans complained so bitterly that these railroads receded from their position even as to Liverpool and not even this former stronghold of monopoly for the Leyland-Harrison line exists." That New Orleans and Galveston are "open ports" is also shown by the facts as stated in the case of Mobile Chamber of Commerce, et al. vs. Mobile & Ohio Railroad Co. et al. (I. C. C. 4242, p. 419).

Havre, Rotterdam and such other European or United Kingdom ports as may be agreed upon. The essential features of each of these agreements, and especially those which are exclusive or preferential in character, will be briefly summarized. Since all the agreements resemble each other in the main provisions, the agreement of May 13, 1912, relative to the South American trade, between the Munson Steamship Line and the Mobile & Ohio and Southern Railroad companies, together with its modification of October 15, 1912, is reproduced in full for illustrative purposes as Exhibit III (p. 264) of the "Exhibits" to this chapter.

1. Agreement between the Munson Steamship Line and the Mobile & Ohio and Southern Railroad Companies with reference to the South American trade from Mobile. According to its terms this agreement has for its purpose the upbuilding of commerce "between Mobile and the port of Buenos Aires and such other South American ports as may be agreed upon," the steamship company agreeing to inaugurate at least a monthly service between the ports of Buenos Aires and Mobile and to increase the frequency of such service as fast as the volume of traffic warrants. The railroad companies agree to give the steamship line, free of charge, the exclusive use of certain pier room; and in turn the steamship line obligates itself to load and discharge all classes of cargo, both outbound and inbound, at such pier or piers, excepting the yellow pine business southbound, which may be loaded at any pier to suit the convenience of the water carrier.

Excluding from consideration the numerous provisions outlining the method of fixing rates and handling the business, this agreement is noteworthy because of five "exclusive" provisions (to be noted) which it originally contained, but which, as the result of a decision of the Interstate Commerce Commission, were modified on October 15, 1912, so as to be "preferential" rather than "exclusive" in their application to the contracting parties. In the case referred to (Mobile Chamber of Commerce, et al., vs. Mobile & Ohio Railroad Co., et al., I. C. C. 4242, decided May 7, 1912) the Interstate Commerce Commission decided that it was illegal for a railroad to adopt a policy which will place its facilities at the exclusive service of one steamship line, but that the rail carrier may have a preferred steamship connection, provided such reservation does not involve a dis-

crimination against traffic destined to the railroad company's terminals and to be carried therefrom by other boat lines. It should be stated in this connection that the original exclusive contract of May 13, 1913, contained the provision that "nothing in this agreement shall be permitted to conflict with the provisions of the Interstate Commerce Act, or any other law now in force or hereafter to be enacted by the Government of the United States. It is, therefore, agreed and understood that this agreement shall at all times be subservient to the requirements of such law, or laws, and shall be modified arbitrarily to conform therewith should it become necessary to do so." In view of the aforementioned Interstate Commerce Commission's decision, the "exclusive" provisions of the contract were modified so as to be "preferential." All of the "exclusive" provisions referred to and their respective modifications are herewith presented side by side:

EXCLUSIVE PROVISIONS IN THE CONTRACT OF MAY 13, 1912.	MODIFICATION OF THESE PROVISIONS ON OCTOBER 15, 1912.
(a) "The railroad companies agree to work exclusively with the steamship line in all matters of water transportation in territories outlined in Article 1 hereof." (Article II.)	This provision was continued in full in the modified contract, except that it was prefaced with the words: "that so far as it lawfully may, or unless compelled by legislative enactment, or order of the Commission, or judicial decree to do otherwise" the railroad companies agree, etc.
(b) "The steamship line agrees to do all in its power to stimulate and increase the traffic over the lines of the railroads aforesaid and to put the route to be installed hereunder on a competitive basis with like traffic via other ports as to ocean rates, in so far as it reasonably can." (Article II.)	This provision was continued in full in the modified contract but was followed by the additional words: "and, in so far as it lawfully may, to work preferentially with the said lines of railroads through the said port of Mobile and as to traffic through said port."
(c) "The steamship line agrees not to put on a steamship service to or from other Gulf ports to Buenos Aires or other South American ports, to which service may be operated under this agreement, <i>without the written consent of the railroad companies</i>	This provision was changed in two respects. In the first place the words (indicated in italics) "without the written consent of the railroad companies aforesaid" were changed to "without at least 35 days written notice to the railroad companies afore-

aforesaid, except for the carriage of lumber and/or its products, or other freight which must be loaded at other ports in order to meet competition of other water carriers. *This is not to be considered as according any privilege to the steamship line to take cargo at other Gulf ports which reasonably can be loaded at Mobile or be shipped via Mobile.*" (Article II.)

(d) "The steamship line shall not enter into any traffic contract with other rail lines at Mobile without the approval and consent of the Mobile & Ohio and the Southern Railway." (Article VII.)

said." Secondly, the last sentence (also indicated in italics) was entirely omitted.

The approval required in this provision was altered so as to read: "The steamship line shall not enter into any traffic contract with other rail lines at Mobile without at least 35 days written notice to the railway companies of the proposed contract and of its provisions."

2. *Contracts between the Mobile & Ohio Railroad Co. and the Southern Railway Co., and the Munson Steamship Line with reference to traffic between Mobile and the ports of Cuba, Mexico and the West Indies.*—These two contracts are substantially alike in their provisions, and are similar in character to the contract entered into by the same parties with reference to the South American trade. Like the preceding contract, the railroads agree to work exclusively with the steamship line, unless compelled by legislative enactment or judicial decree to do otherwise, and to use every reasonable effort to aid and expand the traffic from the territory served by their lines. The steamship line in turn agrees not to put on a service from other Gulf ports without the written consent of the railway companies. Owing, however, to the aforementioned Interstate Commerce Commission's decision, all of the "exclusive" provisions were changed to be "preferential," the amendments being similar to those outlined in connection with the contract governing the South American trade.

3. *Agreement between the Mobile & Ohio and Southern Railroad Companies and the Mobile Liners, Inc., with reference to the service between Mobile and Liverpool, Bremen, Hamburg, Havre, Rotterdam, and other European ports.*—According to this contract the Mobile Liners agree "to cover fully the Liverpool berth from Mobile with Leyland and Harrison owned and operated tonnage in accord-

ance with the obligation so to do, found in the agreement made between the Mobile Liners, Inc. and Leyland and Harrison Lines, which agreement is to run contemporaneously with this and is hereby made a part of this contract"; and similarly to conduct the Havre and Bremen trade from Mobile with as much Leyland and Harrison tonnage as can be obtained from those lines. At least 50 per cent of the service is to consist of regular line tonnage, taking first and second class liner insurance classification from Mobile for the cotton trade, and as much more regular line tonnage of the same class as is practicable. The Liners Company agrees to use exclusively the docks of the railroad companies for all cargo, the railroad companies in turn designating certain docks for the preferential use of the Liners Company. The Liners Company further obligates itself to the following:

(1) To protect its ocean rates on export traffic competitive via other ports on the basis of prevailing rates from New Orleans, except that it is not obliged to protect rates which are temporary and caused by the existence of abnormal conditions at that port.

(2) Not to enter (this applying also to the Leyland and Harrison lines which the Mobile Liners Inc. represent) into any contract with transportation companies to supply ocean service from Mobile, other than the New Orleans, Mobile & Chicago Railroad, without the consent of the railroad companies parties to this agreement. The Mobile Liners Co. undertakes to control the policy at Mobile of such steamship line or lines as it may contract with in the performance of this contract.

(3) Not at any time to accept from shippers, brokers, steamboat agents, or other railroads, lower rates than are accepted at the same time from the railroad companies parties to this agreement, and, similarly, at all times to "absolutely work preferentially with the railroad companies on all competitive business."

(4) To give the railroad companies preference in the transportation of such shipments as are controlled by the Liners Company destined to points in the interior reached by the railroad companies directly or through their connections, provided the rates of the railroad companies to interior points are not higher than those charged by competing companies.

In return for the above promises on the part of the steamship line, the railroad companies agree not only to work exclusively with the

Liners Company on all trans-Atlantic export traffic through Mobile, but, unless compelled by legislative enactment or judicial decree to do otherwise, "not to issue through bills of lading to points now covered by this agreement or hereafter added thereto by steamers from the port of Mobile other than the steamers operated by the Liners Company under this agreement," and to give to the Liners Company "first offers of trans-Atlantic cargo controlled by the railroads, should the same be shipped on local bills of lading to Mobile." This railroad practice of issuing through bills of lading on shipments passing over their wharves only if shipped to Europe by steamers of a preferential line, was condemned by the Interstate Commerce Commission (Mobile Chamber of Commerce, et al. vs. Mobile & Ohio Railroad Co., et al., I. C. C. 4242, May 7, 1912) as an attempt to coerce shippers into employing a particular water line and as an illegal discrimination against shippers. Following this decision those sections of the contract which provided for, (1) an exclusive working arrangement between the parties, and (2) the issuance of through bills of lading only by steamers operated by the Liners Company unless compelled by legislative enactment or judicial decree to do otherwise, were stricken from the contract, under date of October 30, 1912, and the following paragraph was inserted in lieu thereof:

That so far as they lawfully may, or unless compelled by legislative enactment, order of the Commission or judicial decree to do otherwise, the railroad companies agree, on all business through the port of Mobile, to work preferentially with the Liners Company in all matters of water transportation to the ports covered by this agreement or hereafter added thereto.

Agreements with reference to Port Arthur.

With respect to this port the Texarkana & Fort Smith Railway Co and the Port Arthur Canal & Dock Co. (controlled by the Kansas City Southern Railway Co.) entered into an agreement on September 15, 1909, with the Port Arthur Texas Transatlantic Line. According to the agreement the steamship line obligates itself to perform the following:

1. To operate two steamers per month from Port Arthur to Liverpool during the season from October 31 to January 31; two per month from Port Arthur to Bremen; and during February and March a service of at least one steamer per month to Liverpool and a similar service to Bremen. Additional steamers to Liverpool and

Bremen must be furnished at all times throughout the year if the volume of traffic warrants, the object of the parties to the agreement being to develop the service by cooperating with each other to the fullest possible extent. The steamship line also agrees to furnish a service of at least one steamer per month to Hamburg, the total number of sailings to be determined by the volume of traffic obtainable. Steamers must also be furnished to ports of the United Kingdom and Continental Europe other than Liverpool, Bremen and Hamburg whenever the cargo available justifies the sailings, both parties to the agreement having declared their intention, as far as may be found practicable, to develop services to all the chief ports in Europe, including the Mediterranean and Adriatic.

2. Not to complete the loading of its steamers at any other ports when the railway company is in a position to promptly furnish sufficient cargo to complete the loading of the steamer at Port Arthur.

3. To guarantee to the railway company (and this the railway company agrees to permit) ocean rates from Port Arthur to the various ports of destination not to exceed the current ocean rates from Galveston on the same classes of freight to the same ports of destination.

In return for the above-mentioned facilities the Port Arthur Canal & Dock Co. agrees to allow the steamship line the exclusive use, free of charge, of certain of its wharves and other accommodations. The railway company agrees during the life of the contract not to make any other through arrangements for export traffic to European ports via Port Arthur except by the steamers of the contracting line; and, furthermore, not to issue through bills of lading for such traffic via the port except in connection with the contracting line's steamers, unless legally compelled to do so or unless the steamship line either fails or declines to accept the freight. It is expressly stated that only under these conditions can the railroad company send cargo by other steamers or issue through bills of lading therefor. This agreement was extended by the parties to September 15, 1914.

Agreements with reference to Pensacola and Port Aransas.

Although no copy of the agreement was furnished, the management of the Louisville & Nashville Railroad Co. reported to the Committee that the railroad has a working arrangement at Pensacola with Funch, Edye & Co. of New York, representing a number of steamship interests, whereby the latter firm provides ships to call

at Pensacola for fortnightly sailings to Liverpool and sailings to Bremen, Havre, Spanish, Italian and Mediterranean ports as the trade warrants, and that no other lines call regularly at that port. Mr. Paul Gottheil, representing the firm of Funch, Edye & Co., testified that his firm has had such an arrangement with the Louisville & Nashville Railroad Co. for the last 18 years, the Liverpool service at present being operated by the Serra Line, the Mediterranean service by the Austro-Americana Steamship Co. and the Havre and Bremen service being an irregular one governed by the movement of cotton. (vol. 1, p. 366). Mr. Gottheil further testified that Funch, Edye & Co. recently entered into an agreement with the Aransas Channel & Dock Co. for the opening and development of Port Aransas in Texas. This agreement, he stated, is similar to other agreements, providing for tonnage necessary to carry the traffic moving and "is on all fours with what has been done and is being done to-day when a new port or a new service is opened." (vol. 1, p. 366.)

Agreements with Reference to Trans-Pacific Steamship Lines.

As was fully explained in the section on "Agreements in the American-Asiatic Trade," nearly all the trans-Pacific lines operating from San Francisco and northern Pacific coast ports have effected traffic agreements¹ with the leading American transcontinental railways. In about half of the instances these agreements, as furnished to the Committee, make provision for an exclusive working arrangement between the ocean carrier and the railroad system as regards traffic to and from the Far East. As supplementing the discussion¹ of these agreements the text of the same is reproduced in

¹ These agreements are fully explained on pages 145-152 of the chapter dealing with "Agreements in the American-Asiatic Trade", and need not again be considered in detail. The steamship agreements or understandings with railroads discussed in the foregoing pages are the following:—

AGREEMENTS BETWEEN STEAMSHIP LINES AND RAILROADS.

Names of contracting steamship lines.

Pacific Mail Steamship Co.

Toyo Kisen Kaisha.
Great Northern Steamship Co.
Osaka Shosen Kaisha.

China Mutual Steamship Co. }
Ocean Steamship Co. }
Bank Line.

Names of contracting railroads.

Southern Pacific Co.
Atchison, Topeka & Santa Fe Railway Co.
Western Pacific Railway Co.
Great Northern Railway Co.
Chicago, Milwaukee & St. Paul Railway System.

{ Great Northern Railway Co.
{ Northern Pacific Railway Co.
Reports no agreement.

whole or in part under Exhibit IV of this chapter (p. 271). The discussion of these agreements in the previous section rather than here was due to the desire (as stated) to show that "when these agreements are considered in conjunction with the agreements and conference arrangements existing between the steamship lines themselves, it is apparent that the regular trans-Pacific lines occupy a strongly entrenched position from a competitive point of view as compared with independent water carriers which have no such steamship conference or railroad connections."

EXHIBITS.

TRAFFIC AGREEMENTS BETWEEN AMERICAN RAILROADS AND FOREIGN STEAMSHIP LINES.

EXHIBIT I.—Agreement Between the Boston & Maine Railroad Co. and the Hamburg-American Line, with Reference to the Service Between Boston and Hamburg.

THIS AGREEMENT made and entered into on this thirteenth day of June, A. D., one thousand nine hundred and one, by and between the Hamburg-American Line, a corporation legally established, through its agents, Messrs. Patterson, Wylde and Company of Boston, of the first part, and the Boston & Maine Railroad, a corporation established by the laws of the Commonwealth of Massachusetts, in the United States of America, of the second part, WITNESSETH:

That whereas the party of the first part is in the management of a line of steamers, trading under the name of the Hamburg-American Line, and the party of the second part is the owner and manager of the Mystic Wharf at Boston, in said Commonwealth, it is hereby agreed by and between the parties hereto as follows:

FIRST: The party of the first part agrees to send steamers to the Mystic Wharf to ply between said docks and Hamburg, Germany, sufficient to run regularly not less often than twice during each calendar month.

SECOND: The party of the second part agrees not to furnish the use of its wharves and docks to steamers of other parties plying between Boston and Hamburg excepting therefrom steamers carrying grain only. If increase of service is found to be necessary it must be mutually agreed to.

THIRD: The party of the first part agrees in soliciting and engaging cargo for the several boats so sailing from said Mystic Wharf to give the preference, as far as practicable, to cargo to be furnished for shipment through the party of the second part, the intention being to give the party of the second part a preference in this respect.

FOURTH: The party of the second part agrees to furnish proper accommodation for said steamers at said wharf, to dredge sufficiently alongside and adjacent to the said wharf, and to maintain sufficient depth up to twenty-eight (28) feet below mean low water, to bring safely alongside and berth fully laden and always afloat such steamers of the party of the first part as may be at said docks; to provide necessary wharfage room free of charge and cars for cargo that may be received for shipment outward or received inward from said steamers, and to render the usual facilities for the proper conduct of such traffic.

FIFTH: The party of the second part hereby agrees that it will solicit and canvass for such traffic for the Hamburg-American Line through its respective agents wherever the same may be stationed at the principal cities of the United States and Canada as may be desirable and profitable to the parties hereto, in the same manner as it now solicits and canvasses for other steamers docking at said wharf, and will furnish to the party of the first part as low inland rates as it furnishes to any other line of steamers plying from said wharf. The party of the first part hereby agrees to solicit and canvass for traffic for and over the Boston & Maine Railroad at points where the

party of the first part has established agencies. The party of the second part also agrees to use its best endeavors to cause the freight agents of its various connections to solicit traffic and engage freight at equal ocean rates for the Hamburg-American Line steamers; the intention and meaning of this agreement being that the joint service shall be thoroughly performed so as to promote and encourage such joint business to the mutual profit and interest of the parties hereto.

SIXTH: The inland rates from points in the Western States on export freight from the port of Boston shall never exceed the tariff rates from similar points by the fast freight lines from the port of New York, and the Boston & Maine Railroad will join Western Roads in meeting competitive rates on eastbound tonnage.

SEVENTH: The party of the first part agrees that during the continuance of this agreement all steamers, if any, managed or controlled by it from time to time and regularly employed in the trade between the ports of Boston and Hamburg shall dock at said Mystic Wharf, and not elsewhere within the port of Boston. In case said wharf shall at any time during the currency of this agreement be wholly or partially destroyed or rendered unfit for the purposes intended, then this agreement shall be suspended and of no effect until it is again reinstated in proper working order and condition, and it is understood and agreed that the Boston & Maine Railroad shall complete all necessary repairs with all possible dispatch.

EIGHTH: This agreement is not to prevent the use by the party of the first part of other inland carriers for any freight between Boston and points not reached by the party of the second part, or its connections, for export freight from any points whatever, the parties of the first part to be at liberty to engage cargo where desirable by them, but the spirit of this agreement being that the preference in booking east-bound cargo shall be given to the party of the second part.

NINTH: In the event of ocean competition to the party of the first part between Boston and Hamburg being instituted from wharves of other railroads terminating at Boston the party of the second part shall cooperate with the party of the first part in meeting such competition.

TENTH: If at any time it shall be necessary for the party of the second part to work the grain elevator over-time to complete the loading of a vessel at the request of the party of the first part, and the cause for such over-time is the fault of the party of the second part, such over-time shall be rendered free of charge; otherwise it shall be paid for by the party of the first part. The question whether the over-time is the fault of the Railroad Company shall be fairly adjusted between the agents of the parties to this agreement.

ELEVENTH: This agreement shall go into operation on the first day of July A. D., one thousand nine hundred and one, and shall remain in force during the term of one year from the said last named date, subject thereafter to termination by three (3) months' notice in writing by one party to the other.

In Witness Whereof the parties hereto have caused this agreement to be executed on the day and year first above written.

Executed and delivered in presence of—

BOSTON AND MAINE RAILROAD,
Signed By A. S. CRANE, [SS.]
Export Freight Traffic Manager.

Witness:

J. H. FARNHAM.

HAMBURG, 13 July, 1901.

HAMBURG-AMERIKA LINE,
Signed By G. WOLFF.

Witnessed by—

HOBERSTEIN.

BOSTON AND MAINE RAILROAD,

TRAFFIC DEPARTMENT,

Boston, March 28, 1912.

Mr. W. G. SICKEL,

Asst. to General Manager, Hamburg-American Line,

41 Broadway, New York City.

DEAR SIR: I duly received your valued favor of the 18th inst, and have carefully noted contents.

It is understood that if the Hamburg-American Line established a line of steamers suitable for handling passengers and freight between the New Haven terminals at South Boston and Hamburg, Germany, that the Boston & Maine Railroad will not construe same as being a violation of the contract between your Company and the Boston & Maine Railroad.

If the establishment of the service from the New Haven terminals should affect the volume of freight from the Boston & Maine terminals to such an extent as to cause a reduction of the present fortnightly service, we reserve the right to request the Hamburg-American Line to either entirely vacate Boston & Maine terminals or to reduce the space now allotted to accord with the volume of business offered, but in either case Boston & Maine Railroad agrees not to make a traffic agreement from Boston nor to grant accommodations at Boston & Maine terminals to any other line of steamers between Boston and Hamburg, Germany, full cargoes of grain excepted.

The Boston & Maine Railroad is not prepared to grant the request of the Hamburg-American Line that ships using the Boston & Maine Mystic Wharf terminal, shall be allowed at the pleasure of the Hamburg-American Line to touch at the New Haven terminal, but the Boston & Maine Railroad has no objection to the ships of the Hamburg-American Line using the New Haven terminal coming to the Boston & Maine Railroad terminal at the pleasure of your people, whenever you find it for your interest to do so.

I have stated to President Mellen that in order to accommodate at Mystic Wharf the large boats of the Hamburg-American Line that will be used in connection with the service to and from the New Haven terminals, additional dredging will have to be done by Boston & Maine Railroad from the main channel to alongside and adjacent to the wharf in order to maintain sufficient depth up to 32 ft. 8 in. below mean low water and he has signified his willingness to have the necessary dredging done.

It is also understood that in view of the prospective arrangement with the New Haven Railroad, the preferential treatment to be accorded the Boston & Maine Railroad, as covered by Clauses 3 and 8 of the Agreement of June 13, 1901, will be amended so as to include the New Haven Railroad.

Yours truly,

_____,
Vice-President.

EXHIBIT II.—Agreement, dated the 1st day of July, 1908, between the United States Shipping Co., on behalf of the Hamburg-American Line, hereinafter called the Steamship Co., of the one part, and the Chesapeake & Ohio Railway Co., the Norfolk & Western Railway Co., and the Southern Railway Co., in the United States of America, hereinafter called the railways, of the other part.

Whereas the parties hereunto have agreed to enter into this agreement, now these presents witness, and it is hereby agreed and declared, as follows:

(1) The Steamship Co. shall, either with their own or other steamers, stanch, tight, and strong, rated at 100 A1 at British Lloyds, or equivalent thereto, and suitable in

262 AGREEMENTS BETWEEN RAILROADS AND STEAMSHIP LINES.

every respect for the traffic, establish and maintain for a period of five years from the 1st day of October, 1908 (hereinafter referred to as the period of working), subject as hereinafter mentioned, regular sailings from Newport News and/or Norfolk, in the United States of America, to Hamburg, Germany, and vice versa, in such manner that there will be ample, regular, and reasonably sufficient service between said ports for the purpose of carrying all suitable goods, wares, and merchandise exported from the United States or imported into the United States via the ports of Newport News and/or Norfolk over the systems of the railways.

(2) The railways will, as long as regular, satisfactory, and efficient service is furnished as aforesaid by the Steamship Co., guarantee that all goods, wares, and merchandise of every description passing over their systems to Newport News and/or Norfolk for export to Hamburg shall be shipped at Newport News and/or Norfolk aforesaid in steamers to be provided by the Steamship Co. as aforesaid, in so far as it is in the power of the railways to control the same.

(3) As regards all goods, wares, and merchandise exported from Newport News and/or Norfolk as aforesaid, the rates of freight to be paid the Steamship Co. shall be the same as the accepted rates from Baltimore at the time at which the freight routed through Newport News and/or Norfolk is engaged, but the rates on grain, cattle, and cotton to be agreed upon mutually from time to time without regard to the rates ruling from Baltimore.

It is agreed that the rates from Newport News and Norfolk shall at all times be on a parity with the rates made by the Steamship Co. by its more northern services, irrespective of the rate from Baltimore, but with due regard to the class of cargo required by the steamers. It is also furthermore agreed that cargo contracted for by the Steamship Co. shall be routed as far as the Steamship Co. can control it through the ports of Newport News and Norfolk in fair proportion to the Steamship Co.'s other service.

Lumber and cotton emanating from local stations on the railways may command a higher ocean rate, but the combined inland and ocean rate shall not exceed the through rate via Baltimore.

In the case of grain, cattle, cotton, lumber and other cargo peculiar to the South, the Steamship Co. in making rates from Newport News and/or Norfolk will have every possible regard for the competition prevailing through north and south Atlantic and Virginia ports, it being distinctly understood and agreed that all freight engagements made by the railways will be reported to and are subject to confirmation of the Steamship Co.

It is furthermore agreed that the Steamship Co. will take a reasonable quantity of grain when obtainable by each steamer other than extra steamers put on for a full cargo of special freight.

As regards all goods, wares, and merchandise imported into Newport News and/or Norfolk and covered by through rates to any point in the United States of America, the rates of inland freight shall be no higher than the Baltimore inland all-rail rates of freight for the time being current and accepted by the railway lines from Baltimore in respect of similar classes of goods, wares, and merchandise.

The Steamship Co. agrees that as regards all goods, wares, and merchandise imported into Newport News and/or Norfolk, the ocean rates of freight shall be no higher than the rates at the time being current and accepted by the Steamship Co.'s lines running from Hamburg to either Philadelphia or Baltimore for similar classes of goods, wares, and merchandise for same territories of destination.

(4) The railways and the Steamship Co. will use their best efforts to extend, promote, and improve the export and import traffic through Newport News and/or Norfolk.

(5) The railways will, during the continuance of the period of working, at all times afford the Steamship Co. at Newport News and/or Norfolk every reasonable accommodation and facility in their power for the reception, conveyance, and delivery of all traffic

from the Steamship Co. to the railways, and will convey such traffic on the railways' systems in a proper, safe, and convenient manner so as to fully develop the traffic of the Steamship Co., and from time to time will run proper and sufficient trains thereon in convenient connection with said line of steamships, and will from time to time (free of charge) solicit freight traffic for the Steamship Co., and duly perform their duties in that behalf in the United States of America.

(6) The Steamship Co. will convey all traffic on the Steamship Co.'s ships in a proper, safe, and convenient manner, upon the terms and subject to the exceptions and conditions of the ocean bill of lading from time to time in use by the Steamship Co., and will guarantee that no higher than the Baltimore rates of insurance will be charged on such traffic, so as to fully develop the traffic on the railways, as well as the traffic of the Steamship Co.

(7) During the period of the continuance of this agreement:

(a) The railways shall deliver all traffic for the Steamship Co. on their wharves, or by barges alongside the steamships, and shall receive all traffic from said Steamship Co. upon said wharves or barges, the Steamship Co. delivering and receiving as usual on the wharves or barges.

(b) The railways agree to furnish the Steamship Co. at Newport News and/or Norfolk free berth room for their steamers operated under this agreement, and further agree to accord to the Steamship Co. free wharfage, both inside and outside, on all freight handled by the Steamship Co. under this agreement at the wharves of the railways when such wharfage would otherwise be borne by the Steamship Co.

(c) It is understood that on account of the steamers usually having import cargo they will proceed to Newport News first, there discharge and take on cargo, and when in readiness proceed from Newport News direct to Pinners Point to the terminals of the Southern Railway, the Norfolk & Western Railway to barge its cargo to the steamers. Any cargo arriving over the Chesapeake & Ohio Railway for a steamer after her departure from Newport News to be barged to the steamer at the port of Norfolk at the expense of the Chesapeake & Ohio Railway.

(d) The Steamship Co. to take charge of all the eastbound freight as soon as taken hold of by the vessels' tackle and to be then and there responsible to the railways for the inland freight and charges accrued. Where the delivery of freight is made by lighter, the Steamship Co. to take same from the lighter alongside the steamer. The handling of freight to be at the expense of the Steamship Co., but its responsibility as to freight and accrued charges thereon to begin only as soon as taken hold of by vessels' tackle. The Steamship Co. agrees to use its best endeavors to facilitate the quick dispatch of the lighters delivering freight alongside steamers. All inland freight and charges to be paid after sailing of the steamers upon rendering of the account, allowing the Steamship Co. one week thereafter for examination.

The railways to take charge of all the westbound freight as soon as delivered on their wharves and to be then and there responsible to the Steamship Co. for the ocean freight and charges accrued, and such ocean freight and charges accrued to be paid upon rendering of the account, allowing the railways one week thereafter for examination.

(e) Bills of lading issued to and from the various places in the United States of America shall contain only the usual clauses and with no unusual provisions which may deter or injure business.

(f) The railways shall make no charge to the Steamship Co. for American soliciting agents, and the Steamship Co. shall make no charge to the railways for compensation or other expenses of its agents in America or in Europe.

(8) The railways agree to pay any claims for overcharge, loss, or damage for which they may be legally liable. The Steamship Co. agrees to pay any claims for overcharge, loss, or damage for which it may be legally liable and to adjust any such claims as may be shown are customary for other steamship services in competition with it to adjust.

(9) Nothing herein contained, nor anything done by or on behalf of the said companies, or either of them, shall constitute or create, or be deemed to constitute or create, any partnership between the said companies.

(10) In case of any difference or dispute arising under this agreement, such difference or dispute to be submitted to arbitration at New York, each party to select one arbitrator, and the two so chosen to select a third, the decision of two or more of such arbitrators to be final.

(11) The railways shall use their best efforts to secure the cooperation of the Seaboard Air Line Railway and the Atlantic Coast Line Railroad in delivering to the vessels of the Steamship Co. all the export freight they control via Norfolk destined to Hamburg and Baltic ports.

(12) Either party to this agreement has the privilege of canceling same at any time after 12 months from the date hereof by giving at least 6 months' advance notice to the other party in writing of its intention to cancel, but such notice not to be given prior to July 1, 1909. Any such notice can be given to the railways by being addressed to the Chesapeake & Ohio Railway Co., at its head office at Richmond, Va.; the Norfolk and Western Railway Co., at its head office at Roanoke, Va.; the Southern Railway Co., at its head office at Washington, D. C.; or such notice may be given by the railways by being addressed to The United States Shipping Co., at New York, N. Y., as representative of the Steamship Co., by registered letter.

(13) It is further agreed that a notice of cancellation as provided for by this agreement by any one of the railways does not abrogate the agreement as to the remaining parties.

(14) In case Germany should be involved in a war by which the German flag should not be neutral, and it is not possible to obtain substitute tonnage under a neutral flag, the service shall be suspended during the period of such hostilities.

In witness whereof the parties hereunto have set their hands and seals the day and year first above written.

THE UNITED STATES SHIPPING CO.,

By _____.

On behalf of the Hamburg-American Line.

THE CHESAPEAKE & OHIO RAILWAY CO.,

By _____.

NORFOLK & WESTERN RAILWAY CO.,

By _____.

SOUTHERN RAILWAY CO.,

By _____.

EXHIBIT III.—Agreement Between the Munson Steamship Line and the Mobile & Ohio and Southern Railroad Companies (Dated May 13, 1912 and Amended October 15, 1912), Relative to the Steamship Service Between Mobile and South American Ports.

THIS AGREEMENT, made and entered into in triplicate this 13th day of May, 1912, by and between

MUNSON STEAMSHIP LINE, a corporation incorporated under the laws of the State of New York, party of the first part, hereinafter called "STEAMSHIP LINE," and the

MOBILE & OHIO RAILROAD COMPANY, a corporation created and existing under the laws of the State of Alabama, party of the second part, hereinafter called "MOBILE & OHIO," and the

SOUTHERN RAILWAY COMPANY, a corporation created and existing under the laws of the State of Virginia, party of the third part, hereinafter called "SOUTHERN RAILWAY," WITNESSETH:

That, for the purpose of encouraging and upbuilding commerce between the port of Mobile, Alabama, and the port of Buenos Ayres and such other South American ports as may be agreed upon, and in consideration of the mutual benefit of the parties hereto to be derived herefrom and in consideration of the covenants of the parties herein expressed, the parties do contract and agree as follows:

I. The Steamship Line obligates and binds itself to furnish steamship service between Mobile, Alabama, and ports of South America as provided herein; that is to say, within *six* (6) months from the date of this contract to inaugurate at least a monthly service between the ports of Buenos Ayres and Mobile, and to increase the frequency of such service as fast as the volume of traffic warrants; and to install steamer service between such other ports of South America and Mobile as may be agreed upon between the parties hereto as soon as practicable after such agreement and whenever the volume of traffic warrants the inauguration of such further service.

II. The Mobile & Ohio agrees to work exclusively with the Steamship Line in all matters of water transportation in territories outlined in Article I hereof.

The Southern Railway agrees to work exclusively with the Steamship Line on all matters of water transportation in territories outlined in Article I, on business through the Port of Mobile.

The Steamship Line agrees to do all in its power to stimulate and increase the traffic over the lines of the railroads aforesaid and to put the route to be installed hereunder on a competitive basis with like traffic via other ports as to ocean rates, in so far as it reasonably can.

The Steamship Line agrees not to put on a steamship service to or from other Gulf ports to Buenos Ayres, or other South American ports, to which service may be operated under this agreement, without the written consent of the Railroad Companies aforesaid, except for the carriage of lumber and/or its products, or other freight which must be loaded at other ports in order to meet competition of other water carriers. This not to be construed as according any privilege to the Steamship Line to take cargo at other Gulf ports which reasonably can be loaded at Mobile, or be shipped via Mobile.

The Railroad Companies aforesaid agree to do all in their power to aid and expand the traffic from the territory served by them over the lines of the Steamship Line, as herein established.

III. All three parties to this agreement shall have the right severally to quote a combined rate for the through route on traffic moving between points reached by the Mobile & Ohio and the Southern Railway, or their connections, and points reached by the service of the Steamship Line hereunder. The combined rate so quoted for a through movement under through bill of lading shall be the published tariff rate of the Mobile & Ohio and the Southern Railway in effect at the time of the movement covering the inland rail haul to or from the Port of Mobile, or to or from point of origin to the port, plus the rate of the Steamship Line to or from the Port of Mobile. The rate of the Steamship Line so quoted to be such rate as the Steamship Line may, from time to time, through its proper officers, authorize the Mobile & Ohio and the Southern Railway to quote.

IV. It is understood that the representatives of the Mobile & Ohio and the Southern Railway will advise the agents of the Steamship Line at Mobile of all contracts for tonnage via the Steamship Line, and will, at all times, furnish the New York office of the Steamship Line with copies of such of its tariffs as contain rail rates then in effect to be used in making the combined rate on through business under this contract.

V. It is mutually agreed that all freight charges upon southbound cargo shall be collected in advance by the Mobile & Ohio and the Southern Railway through to destination, and that the Mobile & Ohio and the Southern Railway shall pay to the Steamship Line,

through its Agents at Mobile, its proportionate part of the combined freight rate within five (5) days following the sailing of each vessel from the Port of Mobile.

Upon all northbound cargo, the Mobile & Ohio and the Southern Railway, provided the freight delivered thereon is of value sufficient to cover both the rail and water freight charges thereon, shall pay the Steamship Line its freight charges when said cargo is delivered by the Steamship Line to the Railroad Companies at the Port of Mobile, where through freight is collectible by the Railroad Companies at ultimate destination; the Steamship Line is to pay to the Railroad Companies their freight charges within five (5) days of the delivery of the freight to the Railroad Companies, where the Steamship Line collects in advance the freight charges to final destination at point of origin.

VI. (a) The Mobile & Ohio and the Southern Railway agree to give to the steamers of the Steamship Line, free of charge, the exclusive use of the entire two-story pier Numbered 3, joint property of the two Railroad Companies named as second and third parties to this agreement, as the same is now completed and served; said pier being located at the foot of Adams Street, and between Congress and Lipscomb Streets, in the City of Mobile, Alabama. Said pier to be placed at the disposal of the Steamship Line within fifteen days from the date of this contract, unless prevented by the Act of God, storms, hurricanes, strikes, or other causes beyond the control of the owning Railroad Companies.

This Pier No. 3 shall be used by the Steamship Line for traffic covered by this Agreement and for traffic covered by the Agreement between it and the Mobile & Ohio Railroad, dated November 11, 1905, covering the handling of Cuban and West Indian traffic. And under Article VII of the said contract of 1905, the Steamship Line was given the exclusive use of that Mobile & Ohio Pier heretofore known as Pier No. 4, and that part of said Agreement of 1905 which set aside said Pier No. 4 for use of the Steamship Line is to stand abrogated and superseded on completion of Pier No. 3, the exclusive use of which is herein given to the Steamship Line. All other parts of the said Agreement of 1905 to remain in full force and effect, except where in conflict with the operation of Pier No. 3 under this contract.

The term "exclusive use" is understood to mean that the Steamship Line is to have the absolute use of said Pier No. 3 in regard to storage space and space for handling cargo and berthing space, so long as it maintains the minimum regularly established service as provided for by this contract, and also as provided for by the traffic agreement between the said Steamship Line and the Mobile & Ohio Railroad Company under date of November 11, 1905.

If, however, the Steamship Line shall restrict or temporarily withdraw any of the said regularly established services then the Railroad Companies owning said Pier No. 3 shall have the right to use such portions of said pier as may not be in use by the Steamship Company for other steamships. Said right on the part of the owning Railroad Companies to use the space not needed by the Steamship Line is to be so exercised as not to interfere in any manner with the expeditious handling of the business of the Steamship Line.

(b) The Steamship Line shall have the right to erect, under the approval of the owning Railroad Companies' Engineer, and operate labor-saving appliances and/or machinery at its own expense for the handling of freight, either on the pier or between the pier and steamer, these appliances to be recognized as the property of the Steamship Line during the life of this contract. The owning Railroad Companies agree in case of the termination of this contract to permit the Steamship Line to remove all appliances when so desired.

The owning Railroad Companies will purchase from the Steamship Line said appliances and/or machinery when so agreed before their erection at an appraised value which shall be decided upon by a Board of Survey, consisting of one representative appointed by the owning Railroad Companies, one representative appointed by the Steamship Line, and

the third representative appointed by the first two appointees, all of which are to be men experienced in matters of this kind.

(c) In the event the Steamship Line erects or operates labor-saving appliances and/or machinery, as per paragraph (b), the Steamship Line shall have the right upon three months' notice to the Mobile & Ohio and the Southern Railway to furnish and pay for all the labor and cost for discharge or loading of railroad cars on the pier or piers allotted to the use of the Steamship Line, the Mobile & Ohio and the Southern Railway agreeing, where the duty is upon them to load or unload said cars, to pay said Steamship Line for such service such rate per car or per ton as may be mutually agreed upon, equal to an amount ten per cent (10%) less than the actual average cost of this operation to the Mobile & Ohio and the Southern Railway, to be determined by the actual figures showing cost to the Mobile & Ohio and the Southern Railway for the performance of equal service for a period of three (3) months prior to the Steamship Line assuming the work of the loading and discharging of the cars, or such other time as may be mutually agreed upon as fairly covering present cost.

It is understood that the Mobile & Ohio and the Southern Railway shall furnish inspectors who shall pass upon the work of the loading of each car when this service is performed by the Steamship Line, and the Mobile & Ohio and the Southern Railway shall assume the responsibility for condition of cargo loaded in the cars after their inspector has passed upon same as being loaded to his satisfaction.

(d) The Mobile & Ohio and the Southern Railway agree to provide in so far as may be reasonably within their powers so to do, such additional pier room and facilities for the steamers of the Steamship Line should the pier named in this contract prove to be inadequate for the volume of traffic and for the quick despatch of the steamers which may be handled by the Steamship Line.

(e) The Mobile & Ohio and the Southern Railway agree to maintain said Pier No. 3 and superstructure in thorough repair and in a thoroughly efficient condition, and to maintain sufficient depth of water in the berths of said pier and approaches to same from the channel as will accommodate the steamers of the Steamship Line; but no liability shall attach under this article for damage because of pier or superstructure being out of repair or because of lack of sufficient water unless written notice of the repairs needed or of the inadequate depth of water be, prior to that time, given the Mobile & Ohio and the Southern Railway by the Steamship Line and a reasonable time shall have elapsed for the remedy thereof.

(f) The Steamship Line agrees to load and discharge all classes of cargo both outbound and inbound at said pier or piers, solely excepting the Yellow Pine business southbound, on which traffic the Steamship Line's steamers may load at any pier or place in the harbor of Mobile to suit its convenience and the exigencies of the traffic.

The Steamship Line as Agent of the ship or in its own name, will acknowledge possession, by giving receipt therefor for all cargo received from Mobile proper, or received from transportation lines not party to this agreement, upon said freight being unloaded or placed on the docks leased hereunder, and the Steamship Line's possession, as Agent of the ship or in its own behalf of all cargo delivered by it to Mobile proper or delivered by it to transportation lines not a party to this agreement, shall continue upon the same being unloaded or placed on the pier leased hereunder, until the Steamship Line receives receipt therefor from consignee, or transportation line not a party to this agreement.

VII. That the Steamship Line, in the interchange of traffic with other railroads at Mobile, shall in no way discriminate against the Mobile & Ohio or the Southern Railway; it being understood and agreed that the Steamship Line shall observe the routing instructions on traffic as may be given by shippers or consignees to the Steamship Line and/or filed with any of the Railroad Lines, and the Steamship Line is to observe a neutral position on unrouted business having due regard for territorial locations, either as to points of origin or destination in the United States, both on import and export traffic; and that on unrouted northbound business the Steamship Line may divide such business

268 AGREEMENTS BETWEEN RAILROADS AND STEAMSHIP LINES.

between its connections as nearly as possible according to the percentage of southbound freight delivered to the Steamship Line by the Railroads.

The Steamship Line shall not enter into any traffic contract with other rail lines at Mobile without the approval and consent of the Mobile & Ohio and the Southern Railway.

VIII. That this contract shall continue in effect for a period of ten (10) years from September 15, 1912, and thereafter subject to cancellation by either party to this contract by giving six (6) months' written notice.

IX. If after the institution by the Steamship Line of any service called for in Article I, of this contract, it shall be found that, for want of business, or because of epidemic, quarantine regulations, or other like or different hindrances to the operation of steamers, such service can not be maintained except at a loss, the Steamship Line shall have the right upon ninety (90) days' notice upon showing that said service is done at a loss, to modify or discontinue the same so long as the hindrances prevail.

X. It is mutually agreed that the liability for any loss, damage, or delay, occurring to property in transit, shall be assumed by the Company having possession of the property at the time such loss, damage, or delay occurs. It is further understood that concealed loss or damage occurring in transit which was not apparent upon delivery to or receipt from the Steamship Line at Mobile, and which the carriers may be compelled to assume, shall be divided as between the Steamship Line and the Mobile & Ohio and/or the Southern Railway on the basis of revenue, it being understood that agents of both parties at the docks at Mobile shall make joint check and tally showing the condition and quantity of the property when unloaded from the cars, and from the steamers, such joint exceptions and tallies to be filed with representatives of the Steamship Line and the Mobile & Ohio and the Southern Railway at Mobile.

It is further understood and agreed that the liability of the Mobile & Ohio and the Southern Railway as carrier for property handled under this contract, shall be limited as follows: The liability of the Mobile & Ohio and the Southern Railway as carriers shall cease upon the delivery of southbound cargo alongside vessel of the Steamship Line, or on the said Pier No. 3, at Mobile accessible to such vessel when, in each instance, receipted for by the Steamship Line. The Steamship Line is to give the Mobile & Ohio or the Southern Railway said receipt for freight to be loaded direct from cars to ship when said cars are placed alongside of the vessel to receive the freight, and is to give said receipt for freight unloaded on warehouse or pier floor when the Steamship Line's servants or agents take such freight from said floor and puts it on trucks or moves the said freight en route to the ship to receive it. After the execution of such receipt the Steamship Line's responsibility as carrier shall begin. The liability of the Steamship Line as carrier shall cease upon delivery of northbound cargo on the docks at Mobile as soon as the same has been receipted for by the Mobile & Ohio and the Southern Railway, after which time the responsibility of the Railroad Companies as carriers shall begin.

XI. The Mobile & Ohio and the Southern Railway agree that on all cargo received from or delivered at Mobile proper, or received from or delivered to transportation lines not parties to this agreement and handled over the docks of the Mobile & Ohio and Southern Railway for vessels of the Steamship Line, wharfage, storage or other charges provided by the Mobile & Ohio and Southern Railway's published tariffs, shall be assessed and the Steamship Line guarantees to collect said charges and to settle with the Railroad Companies for the cargo of each vessel five days after the vessel carrying the cargo sails from Mobile. This clause is also operative on all cargo received by vessels of the Steamship Line from water or slips or from barges in slips of the Mobile & Ohio and the Southern Railway except in such cases as from time to time may be mutually agreed upon.

That on all cargo delivered to or received from the Steamship Line by the Mobile & Ohio and Southern Railway under contracts for freight executed by the parties to this

agreement, wharfage, storage or other charges covered by tariff of the Mobile & Ohio and Southern Railway, if assessed, shall be provided for in the rail rates and are not subject to the provisions of this Article.

XII. Any matter of difference which may arise between the parties to this contract, depending upon the construction or effect of these Articles of Agreement, or any of them, which can not be amicably adjusted, may, on demand of either party, be submitted to three disinterested parties, experienced in matters of such kind, as arbitrators. The party demanding such arbitration shall give to the other party notice in writing of such demand, stating specifically the question to be submitted for decision, and naming a person who has the required qualifications to act as one arbitrator. If at the expiration of ten (10) days from the receipt of such notice, the party receiving it has not notified the party demanding the arbitration of its nomination of a second arbitrator, having like qualifications, the party making the demand may make such selection. The first and second arbitrators so elected shall select a third. When the board is completed, the arbitrators shall name a day and place for the hearing, of which the parties shall be severally notified. If the two arbitrators first chosen shall be unable to agree upon a third arbitrator, such third arbitrator may be appointed, upon ten (10) days' notice, on motion of either party, by the Judge of the United States District Court for the Southern District of Alabama. The decision of award of the said arbitrators, or a majority of them, shall be made in writing, after hearing the testimony and arguments, which may be submitted by either party who shall have attended, in compliance with a notice given as above required, and shall be final and binding upon the respective parties hereto, and each party hereby agrees to be conclusively bound thereby.

Where the differences exist between the Mobile & Ohio and the Munson Steamship Line, these two interests shall constitute the parties as provided for by the text as written.

Where the differences exist between the Southern Railway and the Munson Steamship Line, these two interests shall constitute the parties as provided for by the text as written.

Where the matter of difference exists between the Mobile & Ohio and the Southern Railway as representing jointly one side of the controversy, and the Munson Steamship Line the other, then the Mobile & Ohio and the Southern Railway shall be constituted as a single party and the clause be operative as per wording of the text.

XIII. It is mutually understood and agreed that the acts of God, and of Rulers, perils of the sea, errors of navigation, epidemics, quarantine, strikes, and cases of force majeure, are mutually excepted in the operation of this contract.

XIV. It is mutually understood and agreed that this contract may be amended by mutual consent, and that at any time either party finds features of the joint business unsatisfactory or prejudicial to its interests, a conference shall be called to discuss and mutually agree upon necessary remedies.

XV. Nothing in this agreement shall be permitted to conflict with the provisions of the Interstate Commerce Act, or any other law now in force, or hereafter to be enacted by the Government of the United States. It is, therefore, agreed and understood that this agreement shall, at all times, be subservient to the requirements of such law, or laws, and shall be modified arbitrarily to conform therewith, should it become necessary to do so.

XVI. It is mutually agreed that this contract shall bind and inure to the benefit of the successors and assigns of the respective parties, but no assignment or transfer thereof shall operate to release or discharge either of them from any of the obligations or covenants by them hereunder entered into without the express written consent thereto by the other parties.

IN WITNESS WHEREOF, the parties hereto have caused their respective corporate names to be hereunto signed in triplicate, by one of their respective executive officers, and

270 AGREEMENTS BETWEEN RAILROADS AND STEAMSHIP LINES.

their respective corporate seals to be hereto affixed and duly attested by their respective Secretaries, or Assistant Secretaries, on the 13th day of May, 1912.

[SEAL.]

MUNSON STEAMSHIP LINE,

By C. W. MUNSON,

Attest :

President.

A. H. BROMELL.

[SEAL.]

MOBILE & OHIO RAILROAD COMPANY,

By R. V. TAYLOR,

Attest :

Vice Pres. and Genl. Mgr.

G. A. COOKE,

Asst. Secretary.

[SEAL.]

SOUTHERN RAILWAY COMPANY,

By J. M. CULP,

Attest :

Vice President,

GEO. R. ANDERSON,

Asst. Secretary.

S. R. P.

THE MOBILE AND OHIO RAILROAD COMPANY and SOUTHERN RAILWAY COMPANY and the MUNSON STEAMSHIP LINE do, by the execution of this instrument, agree and consent to amend the contract entered into between the Mobile and Ohio Railroad Company and Southern Railway Company and the Munson Steamship Line, dated May 13th, 1912, as follows; the same to remain otherwise in full force and effect according to its terms, viz :

That paragraph two of said contract which now reads :

“The Mobile and Ohio agrees to work exclusively with the Steamship Line in all matters of water transportation in territories outlined in Article I hereof.

“The Southern Railway agrees to work exclusively with the Steamship Line on all matters of water transportation in territories outlined in Article I, on business through the port of Mobile.

“The Steamship Line agrees to do all in its power to stimulate and increase the traffic over the lines of the railroad aforesaid and to put the route to be installed hereunder on a competitive basis with like traffic via other ports as to ocean rates ,in so far as it reasonably can.

“The Steamship Line agrees not to put on a steamship service to or from other Gulf ports to Buenos Ayres, or other South American ports, to which service may be operated under this agreement, without the written consent of the Railroad Companies aforesaid, except for the carriage of lumber and/or its products, or other freight which must be loaded at other ports in order to meet competition of other water carriers. This not to be construed as according any privilege to the Steamship Line to take cargo at other Gulf ports which reasonably can be loaded at Mobile or be shipped via Mobile.

“The Railroad Companies aforesaid agree to do all in their power to aid and expand the traffic from the territory served by them over the lines of the Steamship Line, as herein established.”

is hereby amended to read :

That so far as it lawfully may, or unless compelled by legislative enactment, order of the Commission, or judicial decree to do otherwise, the Mobile and Ohio agrees to work preferentially with the Steamship Line in all matters of water transportation in territories outlined in Article I hereof.

That, so far as it lawfully may, or unless compelled by legislative enactment, order of the Commission, or judicial decree to do otherwise, the Southern Railway agrees, on all business through the port of Mobile, to work preferentially with the Steamship Line in all matters of water transportation in territories outlined in Article I hereof.

The Steamship Line agrees to do all in its power to stimulate and increase the traffic over the lines of the railroads aforesaid through the port of Mobile and to put the route

to be installed hereunder on a competitive basis with like traffic via other ports as to ocean rates, in so far as it reasonably can, and, in so far as it lawfully may, to work preferentially with the said lines of railroads through the said port of Mobile and as to traffic through said port.

The Steamship Line agrees not to put on a steamship service to or from other Gulf ports to Buenos Ayres, or other South American ports, to which service may be operated under this agreement, without at least thirty-five (35) days' written notice to the Railroad Companies aforesaid, except for the carriage of lumber and/or its products, or other freight which must be loaded at other ports in order to meet competition of other water carriers.

The Railroad Companies aforesaid agree to do all in their power to aid and expand the traffic from the territories served by them over the lines of the Steamship Line, as herein established."

It is further agreed that the concluding clause of paragraph seven of said contract, which said concluding clause now reads as follows:

"The Steamship Line shall not enter into any traffic contract with other rail lines at Mobile without the approval and consent of the Mobile and Ohio and the Southern Railway."

be and the same hereby is amended so as to read as follows:

"The Steamship Line shall not enter into any traffic contract with other rail lines at Mobile without at least thirty-five (35) days' written notice to the Mobile and Ohio Railroad Company and to Southern Railway Company of the proposed contract and of its provisions."

IN WITNESS WHEREOF, the parties hereto have executed this amendment on this, the 15th day of October, 1912.

[SEAL].

MUNSON STEAMSHIP LINE,

By C. W. MUNSON,

President.

Attest:

J. W. REYNOLDS,

Assistant Secretary.

[SEAL.]

MOBILE & OHIO RAILROAD CO.,

By R. V. TAYLOR,

Vice President.

Attest:

G. A. COOKE,

Assistant Secretary.

[SEAL.]

SOUTHERN RAILWAY CO.,

By J. M. CULP,

Vice President,

Attest:

GEO. R. ANDERSON,

Assistant Secretary.

EXHIBIT IV.—Agreements or Arrangements Between Transcontinental Railroads and Transpacific Carriers.

1. *Agreement of March 26, 1906, (to continue for a period of ten years) between the Toyo Kisen Kaisha and the Western Pacific Railway Co., and supplementary agreements.*

(Only the following portions of the agreement of March 26, 1906, are herewith reproduced, namely, the introduction; section 1, paragraph 1; section 2, paragraphs 2, 4, 5 and 8; and section 3, paragraphs 1, 3 and 7. The agreement contains numerous other provisions which have for their purposes the establishment of freight rates and passenger fares, the issuance of through bills of lad-

ing, the payment of loss and damage claims, the establishment of general agencies, the division of rates, and the maintenance of a certain efficiency in service. These latter provisions it was not deemed necessary to publish.)

INTRODUCTION: Whereas it is the desire of each of the parties hereto that an arrangement shall be made, so far as such arrangement lawfully may be made, whereby each of said parties shall exchange traffic at said Port of San Francisco, each dealing so far as shall be lawful, exclusively with the other, and that the line of steamships of said Steamship Company and the line of railway of said Railway Company, and through it the lines of railway of said Gould System, shall form and be operated as a through transportation line,

SECTION I, PARAGRAPH 1. The parties hereto mutually agree:

That the line of steamships of the Steamship Company, and the line of railway of this Railway Company (and through it the lines of railway of the entire Gould System) shall, so far as may be reasonably practicable, be operated as if a single through transportation route extending from the Oriental ports, reached as aforesaid by the steamship line of the party of the first part, to all so-called "common points" in the United States of America and Dominion of Canada reached by said lines of railway or their connections, which said through transportation route is hereinafter referred to as the "through line."

SECTION II, PARAGRAPH 2. That the Steamship Company will give and turn over to the Railway Company all eastbound traffic carried to the North American Continent by its steamships and all such traffic controlled by it originating in the Orient and destined to any point or points that can be reached by or via the line of the Railway Company, or of any of its allied railways of the Gould System or any of the connections of any of said lines of railway; provided, however, that nothing herein contained shall be construed to prohibit the Steamship Company from exchanging traffic with water transportation lines, although not operated or controlled by the Railway Company, operating from San Francisco, California, if such traffic, (whether inbound or outbound) shall have originated or shall have its final destination at (1) Victoria, British Columbia, Dominion of Canada, (2) the City of Tacoma, (3) the City of Seattle, both in the State of Washington, United States of America, (4) the City of Portland in the State of Oregon, United States of America, (5) the City of San Diego and (6) the City of Los Angeles, both in the said State of California; and the Steamship Company agrees that so far as practicable its line of steamships and the line of railway of the Railway Company shall be operated as if a joint through line for the transportation of traffic. The Steamship Company will receive and promptly transport to its destination or deliver to the connecting carrier the same all westbound traffic tendered to it by the Railway Company.

SECTION II, PARAGRAPH 4. The Steamship Company will land all its ships calling at the Port of San Francisco and will load and discharge all of the passengers and cargoes thereof at the wharf of the Railway Company, to be supplied as hereinafter provided, and the Steamship Company will furnish all material, supplies, labor and services of every kind necessary for or connected with the landing and sailing of its ships, the discharging and loading of its passengers and cargo, the debarkation and embarkation of its passengers and their effects, or in any other manner occasioned by the calling of its ships or the carrying on of its business at the Port of San Francisco. The Steamship Company agrees to accept delivery on the Wharf of the Railway Company of all cargo unloaded from cars of the Railway Company.

SECTION II, PARAGRAPH 5. That all freight of whatsoever description delivered by the Steamship Company to the Railway Company for transportation and delivery to any destination in the United States or the Dominion of Canada, or in Europe, will be delivered at such wharf of the Railway Company at San Francisco free from any instructions as to the route by which the same shall be forwarded, it being expressly agreed that the designation of the route beyond the terminus of the Railway Company shall be left wholly to the determination of the Railway Company.

SECTION II, PARAGRAPH 8. The Steamship Company will cause all or any of the agents of the Steamship Company in Japan, China and other Oriental countries to act as the agents of the Railway Company as well as of the Steamship Company whenever and as the Railway Company shall so desire and will cause all of its said agents to act at all times and in all matters for the common advantage of the Steamship Company and the Railway Company.

SECTION III, PARAGRAPH 1. That so far as the same lawfully may be done, the Railway Company will give and turn over to the Steamship Company all such westbound traffic of every description controlled by it as shall be destined to any Oriental or Hawaiian point or points upon or that can be reached with reasonable convenience by or via the line of the Steamship Company or any regular connection thereof and will cause all such westbound traffic of every description within the control of the Railway Company, originating in territory in any way tributary to and which with reasonable convenience can be forwarded over the line of the Railway Company to be delivered to the Steamship Company for transportation at the wharf of the Railway Company in San Francisco; and that so far as practicable its line of railway shall be operated with the Steamship Company's line as if a joint through transportation route for all transportation purposes. The Railway Company will receive and promptly transport to its destination over its line or deliver to connecting carriers all eastbound freight tendered to it on its wharf in San Francisco by the Steamship Company.

SECTION III, PARAGRAPH 3. That all freight of whatsoever description delivered by the Railway Company to the Steamship Company for transportation and delivery to any destination in the Orient or the Hawaiian Islands will be delivered on the wharf of the Railway Company at San Francisco and, so far as lawfully may be, free from any instructions as to the route by which the same shall be forwarded beyond the line of the Steamship Company, it being expressly agreed that the designation of the route shall be left, as fully as it lawfully may be, to the determination of the Steamship Company.

SECTION III, PARAGRAPH 7. The Railway Company will cause all of the agents of the Railway Company in the United States and in the Dominion of Canada and will, as far as practicable, cause all of the agents of any of the lines constituting the Gould System, likewise to act as agents of the Steamship Company, whenever the Steamship Company shall require any thereof so to act and will cause all its said agents and, so far as practicable, all the agents of said Gould System to act at all times and in all matters for the common advantage of the Steamship Company and the Railway Company.

(According to a letter from the Toyo Kisen Kaisha, addressed to the Committee, the preferential treatment indicated in the above-mentioned portions of the agreement of March 26, 1906, "is not carried out, as the Western Pacific Railway Co. now supplies cargo equally to outgoing steamers of the Pacific Mail Steamship Co. and the Toyo Kisen Kaisha, and the latter company furnishes eastbound freight to the Southern Pacific Railway Co. and the Atchison, Topeka and Santa Fe Railway Co. equally with the Western Pacific Railway Co.")

(The aforementioned relationship between the Toyo Kisen Kaisha and the Pacific Mail Steamship Co. was arranged in a supplementary agreement by letter, dated August 21, 1911, the same being herewith reproduced.)

SAN FRANCISCO, August 21, 1911.

WESTERN PACIFIC RAILWAY COMPANY,

Mills Building, San Francisco, Calif.

DEAR SIRs,—With a view to reestablishing, if possible, the port of San Francisco as the gateway for Oriental traffic, this Company proposes the following tentative arrangement, which, if assented to by you will constitute a temporary modification of the contract of March 26th, 1906, existing between our Companies.

1. The Toyo Kisen Kaisha is to be at liberty to join in establishing and maintaining during the life of the arrangement, joint forwarding agencies to represent that Company and the Pacific Mail Steamship Company, in Chicago, New York and other traffic centers in the United States, which will act jointly for the two Companies named in collecting and forwarding through shipments destined to the Orient.

2. All shipments forwarded by such joint agencies during the period covered by this arrangement will be forwarded to San Francisco via Western Pacific to go forward from San Francisco by whichever of the two Steamship Companies above named shall have the first sailing after the arrival of shipment at San Francisco, and this arrangement shall continue during said entire period notwithstanding the fact that the Southern Pacific or the Atchison, Topeka & Santa Fe or any company allied with either of said Companies may have in force proportional rates at any time during said period.

3. The Western Pacific Railway Company shall impartially afford to said steamship Companies in all respects the same service, facilities and advantages, and upon arrival of any shipment at San Francisco the cars shall be switched to the wharf of whichever Company shall have the first sailing thereafter.

4. The temporary arrangement now in effect under which cotton arriving over the lines of Western Pacific, Southern Pacific or Santa Fe is forwarded by the first sailing after arrival, is to be continued during the period of the arrangement provided hereby, with the further understanding that out-bound freight consigned to the Orient from points east of San Francisco over any line may be sent forward by the Steamship Company having the first sailing irrespective of whether such freight shall have been forwarded by a joint agency of said Steamship Companies. It is understood, however, that this stipulation is not intended to and shall not relieve Toyo Kisen Kaisha from its obligations to employ all of its own agencies and facilities exclusively for the benefit of the Western Pacific-Toyo Kisen Kaisha Route.

5. The foregoing arrangement will also involve the operation of steamships of Toyo Kisen Kaisha and Pacific Mail Steamship Company in cooperation under a joint schedule which will be made up as far as possible in such manner as to secure substantially uniform intervals, six or seven steamships to be operated by the Pacific Mail Steamship Company and four steamships by the Toyo Kisen Kaisha. The schedule may provide for five direct calls at Manila by Toyo Kisen Kaisha steamships, and the same arrangement now in force as to exchange and interchange, and lay-over privileges on all first class tickets will be continued during the period covered hereby.

6. The arrangement hereby proposed will become operative immediately, or, as soon as proper arrangements therefor can be perfected, and shall continue until and including December 31, 1912, but neither the same nor any part thereof shall be continued beyond that date without the express assent of Western Pacific Railway Company, and none of the provisions of said existing contract between Western Pacific Railway Company and Toyo Kisen Kaisha shall be deemed as against Western Pacific Railway Company to be waived, abrogated or modified hereby, except as herein expressly stated.

7. The arrangement hereby proposed shall be assented in writing by the Pacific Mail Steamship Company and the original or duplicate original of such writing delivered to Western Pacific Railway Company.

Upon the acceptance hereof by your Company and the delivery of the written assent hereby provided for by the Pacific Mail Steamship Company, the provisions contained herein will constitute a contract between the parties thereto and to the extent of its terms a modification of the existing contract between the Western Pacific Railway Company and the Toyo Kisen Kaisha for the period expressly covered hereby.

Very truly yours,

TOYO KISEN KAISHA
By W. H. AVERY,
Assistant General Manager."

(The modification of the contract of March 26, 1906, as outlined in the foregoing letter, was accepted by the Western Pacific Railway Co.)

2. *The Atchison, Topeka & Santa Fe Railway Co.'s reply to the Committee's Schedule of Inquiries.*

The division of traffic, or a territorial division of routes:

This company has no arrangement with any steamship line for a territorial division of routes. The only definite understanding for a division of traffic is as follows:

We have with the Pacific Mail Steamship Co. a mutual understanding for interchange of traffic in which the steamship line is to deliver this company 25 per cent of the inbound freight traffic from the Orient into San Francisco destined to eastern common points of the United States, and vice versa, that steamship line agrees to reserve 25 per cent of their space, allotted to overland freight, for Orient traffic delivered them by this company.

The provision for an exclusive working arrangement between the railroad and the ship line in matters of water transportation:

This company has no exclusive working arrangements with any water transportation line.

Mutual assistance in obtaining traffic:

(a) The Pacific Mail Steamship Co., Occidental and Oriental Steamship Co., Toyo Kisen Kaisha Steamship Co., Southern Pacific R. R., Union Pacific R. R., Chicago & Northwestern Ry., and Atchison, Topeka & Santa Fe Ry. jointly maintain passenger agencies at Yokohama and Hong Kong for the purpose of soliciting passenger traffic through the Port of San Francisco as against the Suez route and the Canadian Pacific via Vancouver. The expenses of these agencies are divided between the several parties to the arrangement, viz., the Pacific Ocean carriers pay 53 per cent and the American rail lines 47 per cent. This latter is in turn divided between the four lines mentioned.

(b) The Southern Pacific, Union Pacific and Chicago & Northwestern Railroads, the Western Pacific, Denver & Rio Grande and Missouri Pacific Railroads, and the Atchison, Topeka & Santa Fe Ry. jointly contribute \$25,000 per annum toward the soliciting, advertising and maintenance expenses of passenger agencies created by the Oceanic Steamship Co. in Australia to secure passenger traffic through the port of San Francisco in competition with the Suez route and the Canadian Pacific via Vancouver. This joint arrangement is made as a matter of economy, as otherwise each of the rail lines interested would be compelled to maintain separate agencies at considerable expense, which the volume of traffic does not justify.

(c) The Atchison, Topeka & Santa Fe Ry., like numerous other American rail lines, pays or participates in a commission of 10 per cent with maximum of \$4.00 for ocean to ocean, to Atlantic Ocean carriers on immigrant business delivered them or their connection through the ports of Boston, New York, Philadelphia, Baltimore and Galveston. This nominal commission is considered as a contribution toward the expense of soliciting this class of traffic.

Meeting the competition of other lines:

There are no cases where this company joins with steamship or water transportation lines in meeting the competition of other lines, although there are numerous cases where joint rates in connection with ship lines are the same as joint fares with rail lines.

The time and number of sailings between designated ports:

All steamship lines with which this company interchanges traffic fix the time and number of sailings to suit their convenience and this is not a matter of negotiation with this company.

3. *The Southern Pacific Co.'s replies to the Committee's Schedule of Inquiries.*

The Company answered all of the Committee's inquiries in the negative with the explanatory remark that "The Southern Pacific Company, Pacific System, exchanges

with water carriers indiscriminately and on the basis of local rates of the parties, except that the United States Government shipments via San Francisco to Manila and Cavite, P. I., are pro rated 60 per cent rail and 40 per cent water."

4. Agreement entered into on December 12, 1902, and to remain in force until six months notice from either party to terminate is given, by Messrs. Alfred Holt & Co., Managers of the Ocean Steamship Co. and the China Mutual Steamship Co., and the Northern Pacific Railway Co. and the Great Northern Railway Co.

(In its replies to the Committee's Schedule of Inquiries, the Northern Pacific Railway Co. states that this is the only formal contract now in force between it and a trans-Pacific service.)

MEMORANDUM OF AGREEMENT, Made and entered into this 12th Day of December, 1902, at Saint Paul, Ramsey County, Minnesota, by and between Messrs. Alfred Holt & Co., of Liverpool, England, Managers of the Ocean Steamship Company, Limited, and of the China Mutual Steamship Company, Limited; and the Northern Pacific Railway Company and Great Northern Railway Company, both of Saint Paul, Minnesota.

1. Messrs. Alfred Holt & Company's object in sending their steamers across the Pacific is primarily for the purpose of developing traffic between Europe and the Pacific Coast, so that cargo to and from Europe will always be their first consideration.

2. Messrs. Alfred Holt & Co. bind themselves to charge nothing less than the Trans-Pacific Conference rates from time to time in force or less than is charged by the steamers serving the Northern Pacific Railway and Great Northern Railway which may be loading alongside their boat.

3. Nothing in the last paragraph shall preclude Messrs. Alfred Holt & Co. from making such rates as they see fit to and from ports west of Hong Kong and Manila at which their vessels may call, provided that the rates so made shall in no case be lower than the Conference rates for similar class of goods from Hong Kong.

4. Messrs. Alfred Holt & Co. undertake to give regular four-weekly sailings from the Pacific Coast and to give these sailings six months in advance and so far as may be practicable to arrange them so that they do not clash with the other sailings of the railways.

5. The steamers will call at the following ports on their voyage assuming there is a reasonable quantity of cargo for each of them: Yokohama, Kobe, Hong Kong.

6. The steamers have leave to call at Honolulu and San Francisco.

7. OVERLAND CARGO EASTBOUND: Messrs. Alfred Holt & Co. undertake to confine their bookings of cargo to overland points to cargo from ports west of Hong Kong and Manila. They shall not engage cargo to overland points from the Philippine Islands, Hong Kong, China or Japan.

8. OVERLAND CARGO WESTBOUND: The railways agree to give to Messrs. Alfred Holt & Company's steamers all the overland cargo they can obtain which the railways' existing steamship lines are unable to carry and they agree that the number of vessels employed by their existing steamship lines shall not be increased, excepting as provided by clause 11 a, so long as Messrs. Alfred Holt & Company's regular four-weekly steamers can accommodate all the cargo offering.

NOTE: "Existing steamers" is understood to include the two vessels now building for the Great Northern Railway.

9. SPACE FOR OVERLAND CARGO WESTBOUND: Messrs. Alfred Holt & Co. agree to hold at the disposal of the railway company space in each of their Trans-Pacific steamers for 2,000 tons measurement (40 cu. ft.) of overland cargo; such space to remain at the disposal of the railway company until thirty days before the steamer's schedule date

of sailing from Tacoma when the railway company shall declare how much of this space they will fill.

10. PACIFIC COAST CARGO EASTWARD AND WESTWARD: Messrs. Alfred Holt & Co. shall be at liberty to carry to and from all ports. The railways agree to give the same facilities for forwarding between Tacoma and Portland, &c. as they give to their existing connecting Transpacific lines.

11. UNITED STATES GOVERNMENT CARGO: Should Messrs. Alfred Holt & Co. desire to enter for the conveyance of the United States Government cargo between the Philippine Islands and the Pacific Coast, they undertake before doing so to confer with Messrs. Frank Waterhouse & Co., the agents in Seattle of the Boston Steamship Company (one of the Northern Pacific Railway Company's existing connections) and agree with him the minimum rates at which either shall tender.

11a. Should the tender of the railways and / or Boston Steamship Company of the 19th November, 1902, for the conveyance of Government passengers and cargo to and from Manila during the period to June 30th, 1903, be accepted, it is agreed with reference to Clause 8 hereof that the Boston Steamship Company may charter one or two steamers, such as the "Ohio," of large passenger capacity and small cargo capacity, for the express purpose of caring for the passenger portion of this contract. It is also agreed that Messrs. Holt & Co.'s steamers shall so far as space permits carry any portion of the cargo (explosives excluded) that the Boston Steamship Company's steamers cannot accommodate, and at the rates contracted with the Government; but no steamer shall be obliged to go to Manila with less than 1,000 tons measurement for that port.

12. DIVISIONS OF OVERLAND FREIGHT EASTBOUND AND WESTBOUND: After payment of all connecting lines for services beyond St. Paul, Duluth or Minnesota Transfer, or beyond Yokohama, Kobe, Moji, Nagasaki or Hong Kong (or Singapore or Colombo, if Messrs. Holt & Co.'s steamers call there) the balance remaining shall be equally divided between the railway and steamship.

13. Messrs. Alfred Holt & Co. undertake to make no alliance with any other trans-continental railway in the United States.

14. WHARFAGE: The railway will make no charge for wharfage on cargo that is delivered to, or received from the railway by the steamer. Wharfage on cargo out of which the railway does not get a haul other than switching not to exceed twenty-five cents (\$0.25) per ton as per freight list.

15. The railway to deliver cargo to the steamer within reach of her tackles and to take delivery from ship's tackles.

16. The railways agree that in the event of their importing material from Europe by sea to the Pacific Coast, they will give Messrs. Alfred Holt & Co. every opportunity of tendering for its carriage and will give their steamers the preference over others at equal rates.

17. The railways agree to Messrs. Dodwell & Co., Ltd., being the agents for Messrs. Alfred Holt & Co. on the Pacific Coast.

18. This agreement to remain in force until the expiration of six months' notice from either side of a desire to terminate it.

NOTE: In all cases where the "Boston Steamship Company" is mentioned, it is understood to include the "Boston Tow Boat Company."

IN WITNESS WHEREOF, The parties hereto have hereunto set their hands and seals the day and year first hereinabove written:

ALFRED HOLT & COMPANY.

By C. S. WHEELER

NORTHERN PACIFIC RAILWAY COMPANY,

By J. M. HANNAFORD,

2d V. P.

GREAT NORTHERN RAILWAY COMPANY,

By J. W. BLABON,

Fourth Vice President.

5. Agreement made April 8, 1908 (effective until March 1, 1919), between the Osaka Shosen Kaisha and the constituent companies of the Chicago, Milwaukee & St. Paul Railway System.

(Only the following portions of the agreement of April 8, 1908, are herewith reproduced, namely, the introduction, and sections 4, 5, 6, 7, 8, 14, 15, 16, 20 and 28.)

INTRODUCTION: Whereas, it is to the mutual advantage of the parties hereto that an alliance be formed which will permit the free and continuous movement of all traffic over the through line thus formed in competition with other through lines:

SECTION 4. Each party hereto stipulates that it is not now, and shall not hereafter become interested, directly or indirectly, in any other steamship or railroad line handling, via Puget Sound ports, or any other port of the United States or the Dominion of Canada on the Pacific Coast, any freight business in competition with the line hereby established.

SECTION 5. Business originating at or destined to ports and places on the Pacific Coast shall be considered as the local trade, and the Osaka Company may enter into contract with other steamship or railroad company for connection therewith. It is, however, agreed by the Osaka Company that whenever the St. Paul Companies establish, of itself or through its connections, a line to such ports or places on the Pacific Coast from the port of interchange, the shipments shall be delivered to the St. Paul Companies in preference, provided the published rates of freight of the St. Paul Companies' line on such business are not higher and such business is handled as promptly and properly as by other lines.

SECTION 6. It is further mutually agreed by the parties hereto that all freight tendered to the Osaka Company by the St. Paul Companies shall be given the preference over any other freight tendered to the Osaka Company by any other corporation or shipper, the St. Paul Companies advising the agent of the Osaka Company daily of amount of freight contracted for next sailing; and the St. Paul Companies likewise to give the preference to through freight tendered by the Osaka Company over any other freight tendered to the St. Paul Companies by any other corporation or shipper. The St. Paul Companies agree to forward such traffic promptly and with dispatch to destination, or to their points of delivery to other carriers.

Silk, Silk Goods, Treasures, Parcel and Mail matters to be sent forward without delay by the Overland Express as Expedited Service next to the ship's arrival at the port of interchange.

SECTION 7. It is further agreed that the Osaka Company may and will upon eastbound traffic, and the St. Paul Companies may and will upon westbound traffic, quote substantially the same through rates that are quoted upon the same or similar traffic by competing lines via any route, and, so far as may be practicable, issue through bills of lading—showing the rate, whenever possible, to final destination—in connection therewith, to the end that the line hereby established may secure its reasonable proportion of the total traffic moving via all lines. All contracts for through traffic, either eastbound or westbound, shall be made in gold or its equivalent.

SECTION 8. The Osaka Company may become a member of the North Pacific Line Conference and shall furnish the St. Paul Companies with a record of the proceedings of such conference as promptly as possible.

SECTION 14. In Japan and China, the Osaka Company shall represent the interests of the St. Paul Companies, and in the United States and the Dominion of Canada, the latter to represent the former's, both free of commission, and both parties shall be vested with the privilege of issuing through bills of lading from the territory in which the traffic originates covering the route of the other.

SECTION 15. The Osaka Company further agrees that an agency shall be established at its sole expense at the port of interchange to perform the usual and customary duties of such agency in connection with through traffic, and to look after the local trade for the Osaka Company; and the St. Paul Companies shall, at the request of the Osaka Company, render such assistance as they can in locating and co-operating with said agency.

SECTION 16. It is mutually agreed that the St. Paul Companies may establish a traffic agency or agencies to represent them in China and Japan, or both, and the Osaka Company may likewise establish any agency or agencies, in the United States, the agents of either party to work in connection with the joint line hereby established.

SECTION 20. It is agreed that if the St. Paul Companies have on hand at the port of delivery to the Osaka Company, more tonnage than can be taken by the steamship first departing, and the steamship next following is not due to sail within four weeks owing to causes other than those beyond control of the Osaka Company, or hostilities, or official survey, the Osaka Company shall forward such excess to destination by its chartered steamships, or any steamer of any other line which will depart from the port of interchange prior to the Osaka Company's steamship next following; and the Osaka Company shall receive its proportion of divisions as provided herein for such excess.

It is further agreed that if the St. Paul Companies' service is interrupted owing to reasons other than those beyond control of the St. Paul Companies; the St. Paul Companies shall forward to destination the through freight awaiting transportation at the port of interchange or arriving thereafter, by other lines, until traffic of the St. Paul Companies' lines is restored to normal state; and the St. Paul Companies shall receive its proportion of divisions provided herein for freight so sent forward by other lines.

SECTION 28. It is recognized by the parties hereto that the Interstate Commerce Law of the United States prevents the quotation of through rates on import and export freight lower than the current tariff rates between the point of origin, or the point of destination and the port of interchange; and it is therefore agreed that neither party hereto shall do, or permit its agents to do, anything in violation of said law.

6. Agreement between the Nippon Yusen Kaisha (designated as "Corporation") and the Great Northern Railway Company and the Great Northern Express Company (designated as "Companies"), effective November 1, 1911, and to continue in force ten years, subject to cancellation by either party on one year's written notice.

(Although the parties agreed to the establishment of a service between designated ports, through routing arrangements, mutual assistance in obtaining traffic and the establishment of the time and number of sailings, no provisions are contained in this agreement which openly declare the existence of an exclusive working arrangement. Certain sections, however, clearly indicate a preferential treatment between the parties, namely, Article IV, Section 2; Article VI; and Article VII, Sections 2 and 3. Only these sections of the agreement are herewith reproduced.)

ARTICLE IV, SECTION 2. The Companies shall have the right to designate and determine rail lines and express companies over which all through cargo and parcels shall be carried, except only on such American bound cargo as the Corporation finds it necessary to honor the instructions of shippers or consignees relative to through routing. The Corporation shall not, however, forward such through cargo or parcels via other rail lines under through bills of lading, except in case of extreme necessity or when in their judgment failure to so forward cargo and parcels will subject the Corporation to loss of future business or to claims for damage.

ARTICLE VI. If steamers in addition to the steamers of the Corporation and of the Great Northern Steamship Company shall be required by the Companies for the transportation of through cargo, parcels and passengers carried via said ports, the Corporation shall have the first right to furnish such additional steamers or accommodations. It is the intention of the Corporation to maintain an efficient fortnightly service between said Seattle and Yokohama, Kobe and Moji, Japan, and Shanghai and Hong Kong, China. Nothing hereinafter contained, shall be construed as making it obligatory upon the Corporation to cause steamers to leave Seattle and Japan oftener than once in each month. It is expressly understood that in case the Corporation shall fail to maintain approximately a fortnightly service between Seattle and Yokohama, Kobe and Moji in Japan, and Shanghai and Hong Kong in China, and it shall be found necessary in order to avoid delay to shipments of through cargo and parcels so to do, the Companies may forward such shipments of through cargo and parcels via other Steamships Lines affording direct service between said ports during such time as the Corporation fails to maintain a fortnightly service. The Companies shall not, however, forward such through cargo or parcels via other steamship lines under through bills of lading, except in case of extreme necessity, or when, in their judgment, failure to so forward cargo and parcels because of inability to forward by steamers of the Corporation, will subject the Companies to loss of future business, or to claims for damage on account of delay. The Corporation shall give the Companies due notice of its intention not to make any fortnightly sailing, and the Companies will likewise give the Corporation notice of their intention to forward cargo via other lines as above provided.

ARTICLE VII, SECTION 2. The Companies hereby agree to act as Agents in the United States and Canada for the Corporation, except at Seattle, Washington, where the Corporation will provide its own Agent and necessary clerical help and office, at its own expense; provided, however, the Corporation hereby reserves the right to appoint and maintain at its own sole cost and expense its own agent at any point in the United States and Canada for the purpose of soliciting and securing such freight and passenger traffic as the Great Northern Railway Company does not, on account of the rate situation or for other reasons, desire to solicit, secure and handle.

The Corporation shall act as agent for the Companies in China, Japan and in the East generally, performing such reasonable duties as are from time to time authorized by the Companies.

ARTICLE VII, SECTION 3. The Companies shall also provide at the ports of Tacoma, Everett, Port Townsend, Portland, San Francisco, Victoria and Vancouver, agencies for the purpose of soliciting and engaging cargo, parcel and passenger traffic in the interests of the Corporation, reporting to the Agent of the Corporation at Seattle, Washington, on such matters, and the Corporation shall pay to the Companies a commission of two and one-half per cent of the revenue derived by the Corporation on outward local cargo, parcels and passengers secured for the Corporation, through the medium of such agencies.

CHAPTER X.

SUMMARY.

METHODS OF CONTROL IN CONNECTION WITH SHIPPING CONFERENCES AND AGREEMENTS—ADVANTAGES AND DISADVANTAGES OF SUCH CONFERENCES AND AGREEMENTS—RECOMMENDATIONS FOR PROPOSED LEGISLATION.

Methods of Control exercised in connection with Steamship Conferences and Agreements in the American Foreign Trade.

The foregoing chapters contain a description of 80 steamship agreements and conference arrangements, which, when considered collectively, show that as regards nearly every foreign trade route practically all the established lines operating to and from American ports work in harmonious cooperation, either through written or oral agreements, conference arrangements, or gentlemen's understandings. The few instances where two or more lines serve the same route and have denied the existence of written or oral agreements for the regulation of the trade, are exceptions and not the rule.

An examination of the numerous aforementioned agreements and conference arrangements shows that they differ greatly in their details, especially since most of them are adapted to meet the needs of the particular trades to which they apply, or the special requirements of the several lines which are parties to the arrangements. Aside from these differences of detail, however, all the agreements and arrangements show one unmistakable purpose, viz, the control of (1) competition between the lines which are parties to the agreement or conference, and (2) competition from lines which are outside of the conference. The methods (as revealed by the aforementioned agreements) which effect control of what would otherwise be unrestrained competition are many and may be briefly summarized and illustrated as follows:

I. The regulation of competition between the lines, parties to the agreement or conference, with a view to maintaining rates and securing to each line a certain portion of the traffic. These purposes are accomplished to-day by any one of the following methods:

1. *Effecting an agreement or understanding with reference to the rates charged.*—In this regard the lines may enter into:

(a) *Fixed rate agreements.*—This method may be illustrated by the N. D. L. V. Freight Agreement,¹ the Baltic Pool Agreements,² the Mediterranean Freight Agreement of December 15, 1911,³ and the agreements or understanding governing the lines operating from New York to Australia; ⁴ New York to South, East and West Africa; ⁵ New York to Asia via Suez and return; ⁶ New York to most South American ports and return; ⁷ and Asia to American Pacific Coast ports.⁸ Generally speaking the rates are definitely prescribed in the agreement or in the tariffs agreed upon, and all changes in such rates must be made by mutual consent. Where a pooling arrangement exists, it is sometimes the understanding that while the companies agree not to accept freight at less than certain prescribed rates, each line is permitted on each sailing of a steamer to accept heavy freight, not exceeding a certain designated total, at less than the prescribed rate, but in case this is done the line must account for the same in the pool at the actual freight rate received for that quantity.

(b) *Minimum rate agreements.*—This method of regulating competition is used most extensively in the North Atlantic European passenger and freight business. Thus in the first and second class passenger business the primary purpose of the agreements, as explained in Chapter I, is to establish minimum rates for each steamer of the several lines, depending upon the type of vessel. The business, however, is not pooled, and each steamer may charge more than the agreed minimum, depending upon the facilities offered to passengers. In the North Atlantic steerage business, where a pooling system prevails, the lines are not permitted by the agreements to reduce rates below a certain minimum in order to obtain their stipulated share of the business, but instead the lines which are obtaining passengers in excess of the allotted amount must

¹ Chapter I, p. 28.

² Chapter II, pp. 72-74.

³ Chapter II, p. 79.

⁴ Chapter IV, p. 104.

⁵ Chapter III, p. 98.

⁶ Chapter V, p. 115.

⁷ Chapter VI, pp. 153-188.

⁸ Chapter V, pp. 130, 131.

advance their rates so that traffic will be diverted to the lines which are not securing their proper share of the business. Similarly, in the eastbound and westbound freight traffic between American north Atlantic ports and the United Kingdom, and in the eastbound trade from New York to Mediterranean ports, the lines are governed by minimum rate agreements. The lines meet in conference and notify each other of their minimum rates upon a large selected list of articles, the rates thus filed being subject to change only after an agreed period of notice, varying from 30 to 60 days. In other words, the lines agree not to take freight (certain bulk articles being excepted) below the agreed minimum rates, but any line can serve notice that at the end of the designated period it will change these rates. Usually these minimum rates are the actual rates, except when rates advance very rapidly and the lines are in a position to charge more than the minimum.

(c) *Differential rate agreements.*—Thus in the trade between New York and Venezuelan ports the Royal Dutch West India Mail Line adheres to the rates of the Red “D” Line, but owing to its indirect and slower service has the right, by virtue of an understanding, to charge rates which are 5 or 10 per cent under those charged by the Red “D” line (p. 176). Certain North Atlantic passenger agreements governing first and second class passenger traffic, as indicated in Chapter I, also allow certain steamers a special rate which will measure the different services.

(d) *In some instances one line will be sufficiently powerful to dominate the other lines* and, without effecting any definite understanding, secure the desired conditions in rates. In fact, such domination was found to exist in nearly every instance where two or more lines serve a given route and no agreement was admitted. Only a few illustrations need here be given. The three lines operating in the trade between New York and the west coast of South America via the Straits of Magellan have apparently avoided anything that resembles an agreement or gentleman’s understanding; yet the dominant carrier, according to the testimony, determines the tariff of rates, and the smaller lines adopt these rates in full, or follow them as closely as possible (p. 186). In the trade to most of the eastern ports of Central America the United Fruit Co. holds such a dominant position (its steamers being so much larger and its service so much more regular and frequent) that the few small competitors are

allowed to operate without opposition, and charge the same rates (pp. 191-194). Again no agreement seems to exist between the lines operating in the trade between the Pacific coast ports of the United States and the west coast of Central America and Mexico. The facts obtained by the Committee tend to show, however, that the Pacific Mail Steamship Co. is the dominant power in the trade and that the other lines adopt its rates and refrain from antagonizing its interests (pp. 196, 197). In all of these illustrations the dominant line is so powerful that for the small competitors to start a rate war would mean their speedy elimination. In this connection there are also a few instances where a nonconference line works in friendly cooperation with the conference lines as regards rates. The Norton Line, for example, is not a party to the agreement governing the New York-River Plate trade; yet the conference lines keep the Norton Line posted as to the rates they are charging although that line is under no obligation to maintain the same. But as already explained (p. 174), "the Norton Line has maintained the rates of the other lines and the relations between it and the five conference lines are just as cordial as they were when the line formerly belonged to the conference."

2. *Apportioning the traffic by allotting the ports of sailing.*—This method may be illustrated by the following examples: The N. D. L. V. agreement, which allots certain European ports to each of the four signatories thereto, and which stipulates that "vessels in the trade with the United States shall not call either outward or inward at any home or adjacent port from or to which the vessels of any of the four lines are already sailing" (p. 27); the agreement between the Hamburg-American Line and the North German Lloyd, whereby these lines reserve to each other, respectively, the ports of Hamburg and Bremen as regards sailings from all American ports north of Savannah (p. 71); the traffic arrangement between the Russian East Asiatic Line and the Holland-American Line with reference to Rotterdam, the first line expressing its intention to operate to Russian ports only, but that, when obliged to call at Rotterdam for extra cargo, it agrees to maintain the rates of the Holland-American Line (p. 69); the agreement of 1908 between the Royal Mail Steam Packet Co. and the Hamburg-American Line whereby the first company agrees not to extend its American service to Haitian ports and Santa Marta (p. 214); and the agreement between the

Compãnia Maritima Cubana and the New York and Cuba Mail Line (recently terminated) for a territorial division of the destination ports in Cuba as regards the trade to and from New York (pp. 205, 206).

3. *Apportioning the traffic by restricting the number of sailings on the part of each line.*—A typical example of this method is afforded by the agreement governing the lines which operate between New York and the Orient via Suez. Each of the lines is allotted a certain number of sailings, these being distributed as nearly as possible at regular intervals throughout the year, and the order of taking the berth is mutually arranged between the lines. Additional sailings can be admitted only by the consent of two-thirds of the signatories, based on their respective number of sailings (p. 113). Similarly, in the agreements governing the American-Brazilian trade the Lamport and Holt Line is allowed 24 sailings from New York, the Prince Line 24, and the joint service of the two Hamburg-American lines 24; while from Brazil the Hamburg-American services are allotted 24 sailings to New York, the Prince Line 24 to New York and 12 to New Orleans, and the Lamport and Holt Line as many as may suit its convenience. The Hamburg-American lines, furthermore, agree to withdraw their service to New Orleans, sailings to that port to be maintained only by the steamers of the Lamport and Holt and Prince Lines (p. 155).

4. *Limiting the volume of freight which certain lines may carry.*—Very few such arrangements exist in the American foreign trade. The White Star Line (the most prominent indirect carrier between New York and Australia), for example, has an oral understanding with the three direct lines operating from New York to Australia whereby the measurement cargo carried by the White Star Line from New York via Liverpool for Australia shall not exceed one-fourth of the aggregate measurement cargo taken by all four lines. Otherwise the White Star Line is not a party to the pooling agreement into which the other three lines have entered, and is free to quote its own rates (pp. 105, 106).

5. *Pooling the freight money from all or a portion of the cargo,* the same to be divided in certain agreed proportions among the lines which are parties to the agreement. The pool is generally managed by some designated official on such a basis that, after provision is made for certain payments to meet the cost of running the

steamers, the balance of freight money is divided among the lines in such a manner that each obtains in the apportionment the amount allotted to it by the terms of the agreement. In some cases (the steerage agreements¹ and the Baltic pool² serving as illustrations), each line is allotted a stipulated percentage of the total traffic, and at stated intervals an adjustment is made whereby the line or lines which have overcarried their allotment must pay to the lines which are short of their proportion a certain stipulated compensation. In other cases (Mediterranean Freight Agreement of 1911³ and the Calcutta-Pacific Conference Agreement⁴), the lines are divided into two groups, and each group of lines is allotted, say 50 per cent of the total freight of all the lines, as in the first case, or one-third for the Calcutta lines and two-thirds for the Pacific lines, as in the last instance. Sometimes the entire freight earnings are pooled; whereas in other cases (New York-West African trade⁵) the several lines each receive say 25 per cent of the earnings and the balance is then equally divided between the signatories to the agreement.

6. *Agreements between conferences, or between a group of conference lines and a nonconference line, where several trade routes adjoin or intersect one another.*—Such agreements are illustrated by the N. D. L. V. passenger agreements with the Compagnie Generale Transatlantique and the American Line, known as Agreement “L”;⁶ with the Compagnie Generale Transatlantique, known as agreement “G”;⁷ with the Canadian Pacific Railway Co. known as agreement “J”;⁸ and with the Austro-Americana, known as agreement “N.”⁹ Similarly, as noted in Chapter I, the Mediterranean Conference Lines have effected agreements with the Austro-Americana, and the American, White Star and French Lines, relative to their Italian and Oriental steerage passenger traffic via their Channel services.⁹

7. *Requiring the lines to deposit a stipulated sum as a guaranty of good faith and declaring such deposits forfeited on the part of any line, if it renders any assistance, directly or indirectly, to a non-conference line, or itself starts a new service which will interfere with the trade covered by the conference.* New lines may not be admitted, as a rule, except by unanimous consent; and sometimes the agreements also stipulate that the lines “agree to abstain from

¹Ch. I.²Ch. II, pp. 71-75.³Ch. II, p. 79.⁴Ch. V, p. 143.⁵Ch. III, p. 92.⁶Ch. I, p. 23.⁷Ch. I, p. 29.⁸Ch. I, p. 30.⁹p. 38.

attacking, or competing for, any trade in which any other of the signatories may at present be engaged."

II. *Meeting the competition of lines outside of the conference.*—While the conference lines regulate competition between themselves through one or more of the above-mentioned methods, and agree not to aid or encourage a nonconference line, nearly all the agreements which do not contain a deferred rebate system make no direct reference to the methods which should be adopted for meeting the competition of outside lines, this matter apparently being reserved entirely for conference action. In this respect the agreements frequently provide that the signatories must take joint action to defend their mutual interests in the event of competition from other lines. Three methods seem to have been adopted to accomplish this purpose, viz:

1. *Deferred rebate systems*, whereby shippers, who agree to employ exclusively the steamers of the conference lines in a given trade, are allowed a rebate of a certain percentage of their freight payments (usually 5 or 10 per cent), which rebate is computed for a designated period (usually every three, six, or twelve months), but which is not paid until after a certain number of months (usually six months) following the period for which it is computed, and only on the condition that during the entire time, including both the period for which the rebate was computed as well as the time of deferment, the shipper has given his *exclusive* support to the conference lines. Since the time of payment of the rebate follows the period for which it is computed, the shipper, if he desires to obtain the rebate, is under constant obligations to the conference lines, and is prevented from patronizing any other service since that act would mean the forfeiture of all accumulated rebates. Judging from the facts produced in the foregoing pages, this method has proved by far the most effective device for the control of a trade, and is being used principally in the long-distance trades (such as, for example, the westbound trade from the Orient¹ and most South American ports²) where the regular lines feel that they can assure to shippers a regular and efficient service only on condition of exclusive support. The system has proved especially effective where American importers are also importers in Europe and the same conference lines serve both the

¹ Chapter V, p. 118.

² Chapter VI, pp. 153-188.

American and European trade, and where (as in the coffee trade from Brazil to Europe and the United States ¹) the deferred rebate agreement stipulates that the payment of the rebates is dependent upon the shippers' exclusive use of the conference lines for all shipments destined to either the United States or Europe, thus making it impossible for an independent line to secure freight unless it stands in a position to protect the shipper in both his American and European shipments. Moreover, as has been repeatedly pointed out in this volume, shippers require, above all else, a regular service, and in this connection the testimony shows that by patronizing an outside line the shipper would not only forfeit his rebates but could be penalized by being denied accommodations for future shipments even at the full rates of freight. Such retaliation would leave the shipper unprotected since an independent line is not large enough to supply him with tonnage at all times. In other words, the conference lines, by rotating the sailings of their steamers, can give a regular and frequent service, whereas the independent line with its fewer steamers can only offer sailings at less frequent intervals.

With the exception of the rebates to Bermuda, Martinique and Guadeloupe ² (where, however, the rebates are not deferred, but depend upon the size of the shipper's total shipments), the deferred rebate systems now in use are equally open to all shippers who agree to give exclusive patronage, and are granted without discrimination as regards the size of individual or total shipments. Moreover, nearly all the rebate systems apply only to the American import trade, only four instances having been found where such rebates are granted in the export traffic from American ports, viz in the New York-Bermuda, Martinique and Guadeloupe trade (which, as noted, are not strictly deferred),² in the New York-Colombian trade,³ in the New York-Kingston (Jamaica) trade,⁴ and in the trade from the United Kingdom to certain American Pacific coast ports.⁵ With reference to the American export trade it seems that the lines are laboring under the assumption that deferred rebates are illegal; and in some cases where such rebates formerly existed they have been abandoned, and where their adoption has been taken under consideration, a decision was reached not to establish the same. In the import trade, on the contrary, the lines appear to go on the theory that this coun-

¹ Chapter VI, pp. 157, 158.

² Ch. VIII, p. 219-221.

³ Ch. VI, p. 178.

⁴ Ch. VIII, p. 215.

⁵ Ch. II, p. 89.

try has no jurisdiction over the matter, and that such rebates may be freely granted if the arrangement is made abroad and if the rebates are paid at a foreign port. But in this connection it should be noted that the deferred rebate system, although applied only to the import traffic, is, nevertheless, a very effective device for the control of the trade, since to make the trade profitable an independent line must have cargo in both directions.

2. *The use of fighting ships, or collective competition against a single competing line.*—To what extent this practice prevails at present is difficult to ascertain, practically all of the steamship line representatives who testified before the Committee having denied the existence of the practice. But the facts obtained by the Committee show clearly that this method has been used in recent years. Thus, in the North Atlantic passenger traffic, the evidence presented in the suit against the Hamburg-American Line et al. shows that in about the year 1908 the conference lines authorized the appointment of a committee for the purpose of selecting fighting steamers to destroy the competition of nonconference lines. This committee, according to the evidence, would select suitable steamers from any of the conference lines to sail on the same days and between the same ports, the regular rates being reduced to a point sufficiently low to secure the traffic. As already stated in this volume (p. 46) "the evidence in the Government's suit shows that such opposition sailings were repeatedly instituted against certain independent lines. * * * Any surplus of passengers which were booked for the fighting steamer, but which could not be carried by the same, would be transferred to other conference line steamers at the reduced rates. The expenses and loss from the lower rates, resulting to any line whose vessels had been selected, were distributed over the members of the conference. It was thus a case of all the lines, united in conference, opposing every sailing of a single opposition line. By distributing the loss over the several members of the conference, each constituent line would suffer proportionately much less than the one line which was fighting the entire group, and which would inevitably soon exhaust its resources in the conflict with the combined power of the large lines with their superior speed and better third-class accommodations." Again, in the freight traffic, it appears that six leading German lines established a "fighting corporation," called the Syndikats-Rhederei, the shares of which were apportioned among

the various lines with reference to the tonnage of the companies. This fighting corporation was organized toward the close of 1905, and according to the report of Mr. Robert P. Skinner, American Consul General at Hamburg, "four comparatively small and inexpensive steamers were purchased, and these, with such others as may be chartered from time to time, are hired out to the six owners of the company to meet dangerous competition and to drive it away. The fighting ships handle chiefly bulk goods, leaving merchandise which requires prompt transportation to the care of the parent company, which maintains its nominal rates as far as possible, the stress of competition being borne by the fighting ships principally. In times of peace the fighting ships engage in regular trade on time charters. As this corporation is not one for profit primarily, the investment in reality, is a new sort of insurance." (Vol. 3, pp. 53-54.) Mr. W. G. Sickel, Vice-Director in charge of the Hamburg-American Line, testified before the Committee that "it is a well-known fact that the Syndikats-Rhederi does exist," and that he believed that its purpose is as stated above. (Vol. 2, p. 826.)

3. *Contracts with shippers which may be classified as:*

(a) *Joint contracts made by the conference as a whole.*—Such contracts are made for the account of all the lines in the agreement, each carrying its proportion of the contract freight as tendered from time to time. The contracting lines agree to furnish steamers at regular intervals and the shipper agrees to confine all shipments to conference steamers, and to announce the quantity of cargo to be shipped in ample time to allow for the proper supply of tonnage. The rates on such contracts are less than those specified in the regular tariff, but the lines generally pursue a policy of giving the small shipper the same contract rates as the large shippers, i. e. are willing at all times to contract with all shippers on the same terms.

(b) *Contracts made by the individual members of the conference,* which are open to small and large shippers alike, irrespective of the size of the shipment. According to this type of contract (illustrated by the conference lines in the New York-River Plate trade¹) each line makes its own contracts with shippers and assumes sole liability for the fulfillment of the same. The shipper agrees to give the steamship line his *entire* shipments to certain desig-

¹ Chap. VI, pp 172, 173.

nated ports during a definite period, and the line obligates itself to provide tonnage at definitely prescribed rates for all shipments offered, provided reasonable notice of intention to ship is given. The contract expressly provides that the entire shipments of the shipper can only be sent by the steamers of the contracting line, or "by steamers designated by the contracting line," thus implying that while each line makes its own contracts with shippers, the line when obliged to designate some other line's steamer as per the terms of the contract, would not go outside of the conference. If the line reduces its rates to any other shipper during the period of the agreement it is usually provided that the shipper with whom the contract was made should be given the benefit of all such reductions during the period that the lower rates remain in force. While there is nothing in these contracts that implies liberty on the part of the merchant to ship by any other line than the one he is contracting with, as a matter of fact, the shipper, it was asserted by witnesses, is allowed to ship by any of the other conference lines working in harmony with the line which made the contract. In a number of cases conference lines make both joint and individual contracts with shippers. Thus, in the New York-Brazil trade freight contracts for a specific sailing, or for a period not exceeding three months, are made by each line for its own steamers and on its own responsibility; but all contracts which extend beyond three months, or which involve a very large volume of freight, are usually joint contracts, i. e. made by one line on behalf of all the lines, each line assuming one-third liability and the shipper having agreed, as previously stated, to confine his entire shipments of merchandise to the conference lines.¹

(c) *Contracts with large shippers either for all their freight or for certain important articles forming the main basis in a given trade, at lower rates than those charged on similar goods, if shipped in small quantities.*—In the trade from New York to the West Coast of South America, via the Strait of Magellan, the lines carry much of the freight under informal contracts for firms which have large interests on the West Coast of South America. These firms are given a fixed rate per ton for a specified period on all their shipments in bulk, the rate applying to the entire consignment of merchandise without regard to the rates which would be charged on particular articles if offered separately for shipment, with the

¹Ch. VI, p. 160.

result that the average contract rate on articles included in the large bulk consignment might be lower than the rates applying to the same articles when sent by exporters who are unable to furnish large combination cargoes. The representative of one of these lines testified that the United States Steel Corporation, for example, was granted rates about 15 per cent below the rates granted to other shippers because of the very large tonnage offered (pp. 186, 187). Again, the trade between New York and Guadeloupe, Martinique, and Bermuda furnishes another illustration, the ultimate rate of freight in this trade being arranged on a sliding scale based upon the quantity shipped. Since the quantity can not be ascertained in advance, an adjustment is made at stated periods for the purpose of allowing the shipper a refund on the rates which he paid when the freight was offered, and the size of the refund depends upon the quantity shipped. The shipper agrees to send all of his freight by the contracting line, guaranteeing a minimum quantity, and the rebate represents the difference between the freight paid and the actual freight as computed on the basis of the quantity shipped. The rebate, however, is paid only on the condition that the shipper has faithfully carried out all the terms of the agreement pertaining to the minimum quantity of freight guaranteed, the shipment of all freight by the line, etc. (pp. 219, 220).

4. *Agreements with various American railroads relative to the steamship service from certain American ports.*—Thirty-two such agreements were discussed in the Chapter on “Agreements between American Railroads and Foreign Steamship Lines,”¹ and in most instances these agreements provide for an “exclusive” or “preferential” working arrangement between the ocean line and the railroad which are parties to the contract, as regards the use of docks; the furnishing of freight by either party to the other, with the understanding that, so far as it is within their power to control the same, the parties will deliver to each other the freight which has been offered to them for through shipment; cooperation between the parties in meeting competition from other carriers serving the same port; the regulation of rates for purposes of competition, via other ports; the prohibition of other traffic agreements in the trade by either party; and the general promise to mutually aid each other in the promotion and improvement of the export and

¹ Ch. IX, pp. 239-280.

import traffic through the port to which the agreement applies. These agreements, as stated in Chapter IX, when considered in conjunction with the agreements and conference arrangements existing among the steamship lines themselves, enable the favored lines "to occupy a strongly entrenched position from a competitive point of view, as compared with independent water carriers which have no such steamship conference or railroad connections" (p. 258). In a considerable number of instances the provisions of these agreements have been altered so as to constitute a "preferential" alliance, instead of an "exclusive" one, but as previously stated (p. 240), "a careful reading of the modified contracts, with their many provisions for a 'preferential' alliance between the parties in the use of railroad terminals and the solicitation and exchange of freight, causes one to wonder whether the change from a condition of 'exclusiveness' to one of 'preference' means much in actual practical results. * * * Judged from their wording most of the agreements have brought about a close preferential alliance between vast railway systems, controlling the traffic of large sections in the interior of the United States, and important conference steamship lines, which is bound to prove a powerful aid to the preferred water carrier as compared with any independent line not thus allied."

Secrecy of Agreements and Prevalence of Oral Understandings.

Reference should here be made (1) to the tendency toward oral understandings, instead of written agreements, between the lines operating to and from ports of the United States, and (2) the care which has been exercised to prevent agreements and understandings from becoming public. Oral understandings were described by various witnesses as "safer" than written agreements, and the preceding chapters refer not only to many agreements which were of an oral nature from their inception but to several instances where written agreements were terminated and oral understandings substituted, the witnesses however admitting that the lines continue to follow the same rates and conditions which were previously observed under the written agreements. In fact, witnesses repeatedly drew the distinction between formal written agreements and oral or "tacit" understandings.

While not involving as strong a moral obligation as written agreements, the evidence shows that for all practical purposes oral arrangements are quite as effective. Judging from the manner in which the lines observe the same, the existing oral understandings give unmistakable evidence of the high order of integrity prevailing in modern business, and justify fully the phrase "gentlemen's agreements." Written agreements seem to have accomplished their purpose in many trades and are apparently no longer needed. The lines in some instances need not even meet in conference; they may avoid every appearance and every act which would seem to show the existence of an agreement or understanding; and yet operate in the same spirit of harmony that would prevail if a written agreement existed. There is still friendly rivalry in procuring business, but this business is secured at not less than certain understood rates. Again, in nearly all of the few trades where agreements or understandings have been denied by all the interested lines, a remarkable uniformity in rates seems to exist and not a trace of a rate war can be found. The situation has been explained to the Committee as one of "following the leader," the dominant carrier fixing the rates and the less important lines adopting those rates, they being allowed to exist in the trade without having an effective fight waged against them, as long as they conform to the rates and conditions established by the dominant carrier.

Where written agreements govern the rates and methods of the lines, the terms of the agreements have been guarded with the utmost secrecy. Whereas domestic lines, with few important exceptions, answered the Committee's Schedule of Inquiries, the foreign lines, in the majority of instances, either ignored entirely the Committee's request for information or, under one pretext or another, declined to answer. Of the 208 foreign lines to whom Schedules of Inquiries were directed only 88 replied, and in some instances where the Inquiries were answered the lines gave only the merest outline of the agreements or understandings to which they were parties. American diplomatic and consular officers, who were instructed to furnish copies or information of such agreements as far as the same could be obtained abroad, in most cases, when applying to steamship line representatives for the same, met with a polite refusal. A considerable number of the lines objected to the Committee giving publicity to their agreements, either on the ground that a suit was pending, or

that other lines should not be made acquainted with their business methods. The testimony before the Committee also shows that in the majority of instances the agreements are only in the possession of the foreign principals of the lines, most American representatives of the lines having expressed a mere knowledge of their existence and an entire ignorance of their provisions.

Advantages of Shipping Conferences and Agreements in the American Foreign Trade.¹

Practically all steamship representatives who testified before the Committee, as well as a majority of the leading American exporting and importing firms who expressed their views on the subject to the Committee, contended that shipping agreements, conference relations, or oral understandings which steamship lines have effected among themselves in nearly every branch of our foreign trade are a natural evolution and are necessary if shippers are at all times to enjoy ample tonnage and efficient, frequent, and regular service at reasonable rates. Such agreements, it is contended, are a protection to both shipper and shipowner. To the shipper they insure desired stability of rates and the elimination of secret arrangements with competitors. To the shipowner they tend to secure a dependable return on the investment, thus enabling the lines to provide new facilities for the development of the trade. Furthermore such agreements are held to furnish the means for taking care of the disabilities of the weaker lines, whereas unrestricted competition, based on the survival of the fittest, tends to restrict the development of the lines and in the end must result in monopoly. Briefly outlined, the advantages secured through agreements and cooperative understandings, as presented to the Committee, are the following:

I. Improvement in service:

1. Regularity of service, resulting in the following advantages:

(a) Opportunities to merchants for shipping are increased, resulting in a much greater increase in the volume of trade,

¹ The reader is referred to the "Summary of replies received by the Committee in answer to its circular letter of Feb. 18, 1913, relating to the advantages and disadvantages of steamship agreements and conferences," published in Vol. 2, pp. 1397-1408 of the Committee's proceedings. This summary represents the views of leading exporting and importing firms operating at our most important ports. Portions of this summary are reproduced in this chapter. The reader is also referred to the report submitted to the Committee on the Merchant Marine and Fisheries by the Committee appointed by the representatives of steamship lines maintaining established services from New York to foreign countries, including Porto Rico and the Philippines, under date of Mar. 3, 1913. This Report is published in Vol. 2, pp. 1357-1374.

especially to new or remote markets, than would be the case if goods could be supplied only at irregular intervals.

(b) Fixed dates of sailings at regular intervals enable shippers to work with smaller stocks than they otherwise could, thus reducing unnecessary risks, as well as storage charges.

(c) Makes unnecessary the engaging of cargo space considerably in advance, and shippers incur no penalty or other inconvenience if unable or unwilling to ship goods at the last moment.

(d) Merchants are enabled to make forward contracts for the delivery of goods at a definite date. This factor is important in connection with stability and uniformity of rates. In view of both factors merchants can make contracts for forward delivery at a definite date and price, including cost, freight, and insurance. Such contracts are of vital importance in the trade of to-day, which is largely conducted in large quantities and on the basis of orders placed months ahead and calculated on a small margin of profit.

(e) Without regularity of service in the long-distance voyages, or in the new and undeveloped services, American merchants and manufacturers would be operating at a great disadvantage as compared with European merchants, who now have the benefit of a more highly developed service from European ports to foreign markets.

(f) A better distribution of sailings is secured. Under unrestricted competition a number of vessels may sail from the same port within a day or week, resulting in no sailings from that port for a considerable period thereafter. Under a system of cooperation, however, both the time and ports of sailings are agreed upon, thus "avoiding the waste involved in several ships calling at ports which require only one and giving an excess tonnage on one date and a corresponding lack of tonnage at other times."

(g) A large portion of American exports coming from the interior, it follows that, with regular sailings, goods arriving late and missing one steamer may be dispatched by the next steamer of another line, thus causing only a short period of waiting, with the result that unnecessary port charges are avoided, the accumulation of goods is prevented, and the loading and delivery of cargo is facilitated.

2. *Greater security is given to capital invested in the steamship business* and because of this greater security shipowners are enabled to supply an adequate number of vessels of a higher class and greater speed than the ordinary tramp. Moreover, conditions surrounding most trades are dissimilar as regard the depth of water at the ports, the nature of the cargo offered, and the quantity of freight moving during certain seasons. By giving vessel owners a dependable return on the investment they are enabled to provide new facilities for the development of the trade and to adequately adapt the sailings, speed, and equipment to the particular trade. To many merchants the adaptability of the service to the requirements of the trade is highly essential, because of the nature of their exports and imports. The benefits claimed for this advantage are the following:

(a) Cargo is delivered in better order and with greater dispatch and regularity.

(b) Insurance premiums on cargo are reduced, and the rate of insurance may be counted upon as more uniform and stable, thus again favoring merchants in making contracts for the forward delivery of goods.

(c) Loss of interest on the cargo while in transit is reduced.

(d) Shippers are relieved of anxiety as to the class of vessel by which their freight will be shipped.

11. Stability of rates over long periods of time:

1. Removes the inconvenience which would exist if merchants and shippers were obliged to quote different propositions on nearly every consignment, thus eliminating what was formerly an undesirable speculative risk under the open competitive system. A uniform selling price in foreign markets is considered highly essential by merchants. Moreover, conference lines seek to give reasonable notice of alteration in rates, and when increasing their rates shippers are allowed to declare outstanding contracts at the lower rate.

2. Reduces the complaints from buyers abroad. American exporters assert that during periods of rate competition complaints from foreign buyers are numerous if sales to them do not happen to be on the lowest basis of cost and freight, while if there is uniformity in rates, even though these rates be on a higher level, it is seldom that foreign consignees make complaints.

3. Enables shippers and merchants to calculate laid-down costs and sell goods for delivery in the future. American exporters assert that such contracts for future delivery are to-day a necessity, and in this respect nothing is regarded so detrimental to the export trade as uncertainty regarding sailings and violent fluctuations in freight rates. Fixed rates under a system of cooperation, on the contrary, make possible the contracting for space for months, for a year, or even longer in advance, if desired. Such facilities are enjoyed by foreign exporters to competitive markets, and it is essential that American shippers should be placed on an equally favorable basis. Prominent exporting firms have again and again asserted to the Committee that they have experienced various rate wars during the past 10 to 15 years and are convinced that the present condition of fixed rates and regular sailing opportunities places all merchants upon the same basis as regards their estimates on contracts and produces much better results for the exporter and manufacturer than could be possible under the old order of things.

4. During periods of rate cutting buyers abroad generally pursue a policy of buying from hand to mouth instead of placing large orders for shipments ahead, because they never know what the goods will cost them by the time the same are received. If they foresee serious fluctuations in rates during the one or more months which are required to dispose of large lots of merchandise, they prefer to buy small lots, even at a greater cost, in order to have a chance to meet their competitors.

5. During periods of rate cutting steamship owners are reluctant to make forward contracts for the carriage of freight because of unwillingness to sell cargo space for the future at a loss.

6. While competition in rates between conference lines ceases, competition in facilities continues. Although the conference system largely results in placing rates outside the influence of competition, by pursuing a policy of charging "what the traffic will bear," these rates must ultimately be reasonable for the following reasons:

(a) It is to the interest of the lines not to charge rates detrimental to the development of traffic. Shipowners depend for success on the good will of shippers, and to build up business must establish rates which will enable their American clients to compete successfully with foreign merchants engaged in the same trade.

(b) Shippers are not placed at the mercy of the conference lines, because in nearly all the important branches of the American foreign trade there is competition from regular lines serving European merchants to the same ports. The lines serving American merchants must meet the rates of the regular lines trading to the same ports from foreign countries. In other words, world conditions govern ocean rates to and from the United States.

(c) If the rates of the regular lines, to quote the New York committee, "should exceed or even approximate the chartered rate for tramp steamers, large shippers immediately protect themselves by the employment of tramps for the transportation of their shipments. Small individual shippers who can not accumulate merchandise in quantities sufficient to justify the charter of tramp steamers are at such times served by charter brokers, who are always ready, when rates by the regular lines advance to such a point that a profit can be made by charter, to lay chartered ships on the berth, themselves accumulating the shipments of numbers of small merchants, who by this means can always protect themselves against oppression." (Vol. 2, p. 1363.)

Despite the great increase in ocean rates in recent years the great majority of leading exporting and importing houses which have expressed their views on the subject to the Committee consider the present rates charged by the steamship lines as fairly reasonable when compared with charter rates prevailing the world over, and taking into consideration the capital invested, the increased cost of operation, the better character and greater speed of the vessels, the greater regularity of sailings, the maintenance of depreciation and sinking funds, the facilities of the ports of call, and the frequent absence of return cargo. While many of the firms express a desire for a lower level of rates than exists to-day, provided they are uniform, they frankly admit that the present high rates, as long as they are steady over considerable periods of time and equally applicable to all without rebates or other special favors, do not militate against them nearly so much as would a lower level of rates if the same was a fluctuating one and was accompanied by irregularity in sailings. Moreover, the large increase in the number of steamers and in their size during the past 15 years in nearly all divisions of our foreign trade is pointed to as showing the desire of the lines to keep pace

with the growth of the country's export trade. It was also the general assertion that the regular lines give shippers advantages as contrasted with tramp steamers. Not only are their rates uniform and their sailings reasonably regular, but their steamers are faster and their service better, and in the main these advantages overbalance the increase in rates.

III. Uniform freight rates secured to all merchants.—Uniform rates protect the small against the large shippers, and relieve all shippers from the effects of underhanded discrimination. Under open competition powerful shippers, or combinations of shippers, can obtain preferential rates, while under a system of cooperation it is not to the interest of the conference to give special terms to powerful clients. Rate wars are detrimental to the interests of small shippers because the object in every rate war is to obtain the freight of large shippers by offering special rates. The inevitable result of rate wars is a gradual monopolization of the trade in given commodities by the more powerful shippers.

Almost without exception, the testimony before the Committee of conference line representatives shows that it is the purpose of their lines to charge uniform rates and to extend equal opportunities to all shippers. Practically all shippers, also, who in their statements to the Committee were favorable to agreements and conferences, took the view that to maintain equal treatment toward small and large shippers it is absolutely necessary that steamship lines should be allowed to cooperate, and that the improvement toward greater fairness between shippers is due to the fact that the lines have cooperated. Competition in the steamship business was regarded by them as the demoralization rather than the life of trade; as the means of introducing uncertainty instead of certainty, and inefficiency instead of efficiency; and that, inevitably, while all shippers are placed ultimately at a disadvantage through open competition, the small shipper fares much worse than his stronger competitor.

IV. Prevent the elimination of weaker lines in the various trades.—Unrestricted competition, based on the survival of the fittest, tends to restrict the development of the lines and in the end results in monopoly. Just as rate wars result in the monopolization of trade by the larger shippers, so also do they result in the monopolization of the carrying trade by one or a few of the most powerful carriers.

This is especially true in the long-voyage trade where pooling becomes desirable. Here equal rates can not be charged by all the lines in a given trade unless all are equal in speed and equipment. High-class freight, paying the most remunerative rates, would go to the best ships, while the least remunerative cargo would be shipped by the inferior boats. As reported by the New York Committee of steamship representatives: "By means of pooling the weaker line is compensated for its failure to obtain a fair share of the more remunerative goods and by living alongside the strong line adds to the total of the shipping facilities which the trade may reasonably require." (Vol. 2, p. 1368.)

In addition to the combinations by agreement there are numerous instances of consolidations among steamship lines by actual amalgamation or through stock control of subsidiaries. (The most notable examples of such consolidations are the International Mercantile Marine Co., the Royal Mail Steam Packet Co., the Hamburg-American Lines, and Furness, Withy & Co.). This movement toward actual consolidation by ownership, various witnesses have emphasized, would have taken place more rapidly and on a much larger scale if the making of steamship agreements and conferences had been impossible. In the absence of cooperation through written or oral agreements, according to these witnesses, only two alternatives present themselves, viz, consolidation by actual ownership or the elimination of the weaker lines through cut-throat competition.

V. Maintenance of rates from the United States to foreign markets on a parity with those from other countries, thus enabling American merchants to compete successfully with foreign merchants. It has been the contention of all the conference line representatives who have appeared before the Committee that their lines make every effort to keep American rates to foreign markets on a parity with European rates. The Committee has received only 27 complaints from exporting interests charging that American and European rates to the same destination are not kept on a parity, to the detriment of their business; and it should be noted that less than half of these complaints present any definite data tending to confirm the complainant's charge. A majority of the complaints are general in character and merely call attention to the desirability of having some properly constituted authority

investigate this subject from time to time. In answer to these charges the New York Committee of steamship line representatives maintains that—

while occasional differences arise, as a rule shippers are not charged higher rates from this country than shippers in Europe are called upon to pay on the same commodity. In this respect the lines running from ports of the United States are at a decided disadvantage compared with the European services, because the classes of cargo offered from American ports are of lower grade than those received by the European lines. A ship sailing from Europe will obtain better freight earnings because it carries a larger percentage of high-class cargo, while the expenses incurred in United States ports are always considerably higher than those of a vessel loaded at European ports. Besides, many of the lines running from this country to foreign ports, unlike the European lines, obtain no return cargoes, and are obliged to return to our ports either directly in ballast, or via some other loading port. These facts tend to increase the running expenses of the American services and would therefore justify a somewhat higher freight rate from American ports.

VI. Reduction in the cost of service, eventually resulting in lower freight rates for a high standard of service.

1. By eliminating wasteful competition among the lines, thus reducing the aggregate cost of service of all the lines.

2. By arranging the order of the sailings of the several lines at definite dates, and by regulating the sailings of the vessels of the various lines in such a manner as to prevent a number of vessels calling at ports which require only one at a given date.

VII. Cost of service can be more economically distributed over the traffic so as to develop the trade.

1. By reducing rates on articles where the rate would bear too heavily, and securing compensation on other items where the value and size justify the same.

2. By enabling the lines to view the trade “not only as it is, but as it may become.” Certain ports may be placed on a reasonable footing in freight rates, although the present movement of freight would warrant much higher rates. This is especially true where pooling is practiced. “In connection with the operation of a steamship conference,” as reported by the New York Committee, pooling is nothing more than an equalization of expenses and earnings by the component members of a conference with the object that the conference shall furnish all the facilities that are demanded for the transportation both of profitable and unprofitable cargo and for the accommodation of the least profitable as well as the most profitable ports. Under its operations regularity of service is maintained, whether full cargoes are offered or not, whether the cargoes offered at any particular time be

of a more or a less profitable kind, and whether the going rates as embodied in the tariff be profitable as compared with the general market value of tonnage or not; it enables the conferees to give service within the area of the conference operations at small or unimportant ports, often at a loss, which would have to be neglected unless such loss could be equalized by being brought into a division of the earnings with the other vessels which serve the more important ports. The conferees, in substance and effect, become partners for the purpose of supplying tonnage for the particular trade in which the pool operates, and they divide their earnings and losses in proportion to the capital represented by tonnage which is furnished to supply the needs of the trade. (Vol. 2, pp. 1367-1368.)

3. By increasing the number of sailings to the smaller ports. On most routes there are many ports of destination which should be served, and no one owner could serve all except at great expense, such as extra steaming and port charges, and by greatly prolonging the voyage to the dissatisfaction of consignees. The natural tendency where all lines are competing would be for each owner, in order to compete in rates and speed, to avoid extra expenses and loss of time by not calling at the comparatively unimportant ports. Without pooling, it is asserted, the United States would have no direct communication to-day with many of the minor ports throughout the world whose aggregate trade with this country is very considerable. If the pooled lines, however, have agreed to compensate each other for the losses, these undesirable ports will be served as may be reasonably required.

4. By equalizing the earnings on large contracts over the members of a joint service. As expressed by the New York Committee,

Our large manufacturers and exporters have extensive outstanding contracts for the supply of rails, locomotives, car material, bridge work, oil, etc., to various ports. No one service alone could possibly handle such products. Shippers are often obliged at stated periods to make large shipments of a kind of material which would be quite unsuitable for a steamer, such as rails, on which the earnings would be much below those of succeeding steamers which would carry other portions of construction material covered by the same contract, the rates for which would be far more remunerative. Only a joint service which could equalize the earnings under the whole contract would carry the materials covered by these large contracts without charging freight rates so prohibitive as to deprive the American manufacturer of the opportunity of securing the contracts in competition with foreign manufacturers. So the conference lines are able to maintain their schedules and provide for the export trade even at a loss to the individual ship. (Vol. 2, pp. 1368-1369.)

Disadvantages of Shipping Conferences and Agreements, as Now Conducted.

I. The monopolistic nature of such conferences and agreements.—

Nearly all the objections advanced against steamship agreements relate to the limited monopoly, at least, which the conference lines are able to exercise over the trade in their respective areas. Briefly outlined the objections advanced under this heading are the following:

1. All monopolies are liable to abuse, and in our foreign carrying trade the monopoly obtained by the conference lines has not been subjected to any legal control. While carriers by land are supervised and must conform to statutory requirements in the matter of rates and treatment of shippers, steamship companies, through private arrangements, have secured for themselves monopolistic powers as effective in many instances as though they were statutory. Even granting the advantages claimed for steamship conferences and agreements, all may be withdrawn in the absence of supervisory control without the shippers having any redress or protection. The lines are under no legal obligation to continue these advantages. They exercise their powers as private combinations and are apt to abuse the same unless brought under effective governmental control.

2. The primary object of such conferences and agreements is to prevent new lines from being organized in a trade and to crush existing lines which refuse to comply with the conditions prescribed by the combination, or which, for other reasons, are not acceptable as members of the conference. The methods which have been adopted from time to time to eliminate competition show the futility of a weak line attempting to enter a trade in opposition to the combined power of the established lines when united by agreement. By resorting to the use of the "fighting ship," or to unlimited rate cutting, the conference lines soon exhaust the resources of their antagonists. By distributing the loss resulting from the rate war over the several members of the conference, each constituent line suffers proportionately a much smaller loss than the one line which is fighting the entire group. Moreover, the federated lines can conduct the competitive struggle with the comfortable assurance that, following the retirement of the competing line, they are in a position to reimburse themselves through an increase in rates. To allow conferences, therefore, generally means giving the trade to the lines now enjoying it. Only a

powerful line can hope to fight its way into the trade, and with the inevitable result, if successful, that it will join the combination or be allowed to exist by virtue of some rate understanding.

3. Conference Lines, it was asserted to the Committee, are enabled to arrange rates arbitrarily, both with reference to the general level and particular commodities; and the rates now charged were considered excessive¹ when compared with rates (1) charged by tramp or chartered steamers, or (2) previously charged by line steamers in the same trade, or (3) charged by lines in other trades, or (4) when considered in relation to the profits of the companies. This complaint, however, necessitates the difficult task of determining what constitutes a "reasonable rate," involving a study of—

(a) The factors that influence the rise and fall of the general level of rates.

(b) The differences in the nature of the service rendered by liners and tramps.

¹ In answer to the summary (vol. 2, pp. 1403-1404) of the many complaints received by the Committee to the effect that the rates are unduly high and that the recent advances in rates have been so out of proportion to the increase in the cost of operation or the demand for additional tonnage as to show the absence of all competition in rates, the New York Committee of Conference Line Representatives makes an emphatic denial that the recent rise in rates has been arbitrary, and has been effected by the combinations of lines with that purpose in view. This Committee maintains that "prior to 1911, freight rates had dropped to a figure previously unknown, entailing heavy losses on the regular lines, which had the choice of continuing their services or withdrawing from the business in which they had long been engaged. Competition among tramp owners produced a low level of rates, and as soon as the world's trade got ahead of the tonnage available, tramp steamers were put in a position where they could advance their rates beyond anything that had been experienced in recent years." It is also the contention of the Conference Line Representatives that in the enormous rise in ocean rates during recent years, the rates charged by the regular lines at no time rose to the level of the tramp freight market, and "were less than what the regular lines could have earned if they had withdrawn their steamers from their established services and chartered or placed them in other trades." As showing the enormous rise in the charter rates of tramp steamships, not working under any agreement or conference, the following represents in part the data furnished by the New York Committee:

<i>Illustrations.</i>	<i>Increase in the rate from.</i>
Petroleum in cases from New York to four ports in Australia.	17¢. per case, June, 1908, to 35¢. in Feb., 1913.
Cotton from Savannah to Liverpool, Havre and Bremen.	26/3 per net registered ton in Aug., 1908, to 58/9 in Nov., 1912.
Lumber from the Gulf to the River Plate.	95/- per standard in Nov., 1908, 125/- in Sept., 1911, and 192/6 in Nov., 1912.
Cotton from the Gulf to U. K. or Continent on net form charters.	8/6 per ton D. W. of steamer in Nov., 1908, to 25/- in Nov., 1912.
Sugar from Cuba to New York.	7¢. per 100 lbs. in Jan., 1908, to 17¢. in Nov., 1912.
Time charter from Baltimore to Glasgow.	3/3 per ton of total dead weight capacity in August, 1908, to 8/6 in August, 1913.
Full cargoes of grain from Baltimore to Rotterdam.	1/3 per qr. of 480 lbs. in Sept., 1908, to 3/6 in Jan., 1913.

(c) The character of the vessel and the expensiveness of operating the same.

(d) The stability of rates over a long period of time, chartered rates fluctuating much more violently.

(e) The different conditions surrounding each trade route as regards the nature of the service, the quantity of the cargo, and the opportunity for effecting combination cargoes.

(f) What constitutes a fair profit to the line, all factors considered.

4. Conference lines, through their monopolistic powers, so completely dominate the shippers with whom they deal that these shippers can not afford, for fear of retaliation, to place themselves in a position of active antagonism to the lines by openly giving particulars of their grievances. This condition is well illustrated by the frequency with which communications, addressed to the Committee, referred to the confidential nature of the information furnished. The various lines, constituting a conference, have the same interests and their organization is effective. Shippers, on the contrary, live far apart, and because of their different and frequently antagonistic interests can only combine for mutual protection with the greatest difficulty.

5. Conference lines, in view of the absence of competing lines, sometimes seem indifferent to the landing of freight in proper condition. A considerable number of shippers have complained to the Committee that they have experienced endless difficulty in collecting honest claims for damaged goods, loss of goods, or overcharges, and that the lines in some cases are extremely arbitrary in making settlements.

6. Conference lines are apt to become increasingly powerful within their respective areas, even to the extent of controlling the tramp traffic, until their limited monopoly of to-day will become practically unrestricted. It is argued that this tendency has been apparent in various trades and that, when the monopoly is complete, the lines will appropriate the advantages gained to themselves.

II. In some conferences the lines have arbitrarily increased their rates without giving due notice to the trade, thus causing heavy losses on contracts for future delivery, which were based on the freight rates prevailing at the time the contracts were made.

III. Steamship conferences and agreements as now conducted are in most instances secret, and shippers have no means of knowing whether the conditions claimed by the lines for such conferences and agreements are true or not. Conference and rate agreements, and pooling arrangements, should be made with the full knowledge of some legally constituted authority in order (1) to safeguard the interests of shippers and (2) to make it possible for shippers to file complaints without fear of retaliation.

IV. Some lines grant special rates to large shippers under contracts based on such large quantities of freight that small shippers can not possibly furnish an equal amount, thus discriminating between shippers and preventing competition.

V. Some of the conference lines do not observe the customary conference usages in respect to the equal treatment of shippers in rates and special accommodations.

VI. The policy of many conference lines not to publish their tariffs or classifications, although such publication would prove a great convenience to shippers and would constitute a guarantee that rates were not altered or articles transferred from one class to another, for the benefit of favored shippers.

VII. That deferred rebate systems are objectionable and should be prohibited for the following reasons:

(1) By deferring the payment of the rebate until three or six months following the period to which the rebate applies ship owners effectively tie the merchants to a group of lines for successive periods. In this connection it is argued that the ordinary contract system does not place the shipper in the position of continual dependence that results from the deferred rebate system.

(2) That the system is unnecessary to secure excellence and regularity of service, a considerable number of conferences being operated to-day without this feature.

Leading Recommendations of Witnesses for Proposed Legislation.

Government regulation of carriers engaged in the American foreign trade.—The consensus of opinion, as expressed in the testimony of witnesses and in the numerous communications received by the Committee from shippers, is overwhelmingly in favor of some form of

government regulation of steamship carriers engaged in this country's foreign trade. Nearly all the steamship line representatives, who appeared before the Committee, expressed themselves as not opposed to government supervision which is reasonable and which is limited to the requirements of full publicity and approval of all agreements or arrangements which steamship lines may have entered into with other steamship lines, with shippers, or with other carriers and transportation agencies. On the other hand, the shippers who appeared as witnesses, or otherwise submitted recommendations for proposed legislation, were in the great majority of instances favorable to a comprehensive system of government supervision, sufficiently broad to embrace the regulation of rates without actually fixing them, the approval of contracts, agreements and arrangements, and the general supervision of all conditions of water transportation which vitally affect the interests of shippers. While few of the shippers who communicated with the Committee by letter (and the same may be said of witnesses) attempted to specify the details of their recommendations, they are almost a unit in stating that they are convinced of the desirability of having the Interstate Commerce Commission, or a similar commission, exercise a general supervisory power over foreign water carriers and enforce among the conference lines at all times the various contentions which they have claimed for themselves during the hearings before the Committee. It is noteworthy that only five of the many communications received by the Committee, which were unfavorable to steamship agreements and conferences as now conducted, display an attitude of hostility toward government regulation. In fact, many of the communications received from shippers make it clear that the writers regard the contentions of the conference line representatives as advantageous to shipper and shipowner if they are honestly and fairly carried out, but state that their experience has been to the effect that, once the combination of lines is established, it is apt to be used in an arbitrary and unfair way by favoring some large corporation or friend to the detriment of other shippers. Such discriminations and arbitrary treatment, it is believed, can only be eliminated by the establishment of some legally constituted authority which is empowered to hear complaints and to order the discontinuance of abuses.

Impracticability of filing rates with the government and requiring a period of notice before changing the same.—With few exceptions, steamship representatives and shippers, who testified before or communicated with the Committee, were opposed to legislation which would require the steamship lines engaged in our foreign trade to file their rates with the government and be obliged to change the same until after a certain period of notice to make a change has been given. Such a policy was generally regarded as impossible, in view of the ever present competition of tramp vessels in our international trade, unfair to the regular lines which require protection against the attacks of such tramp vessels, and particularly objectionable to American exporters, who in competing with foreign markets, are often dependent upon an immediate and favorable freight rate quotation in order to close their contracts. In support of this contention the following arguments were emphasized before the Committee:

(1) The nature of the steamship business is so essentially different from that of the railroads that any limitation upon the freedom of ocean carriers to change their freight rates promptly to fit the changing conditions of the freight market would prove injurious to shipowners, shippers and consignees. As pointed out by the New York Committee:

Ocean freight rates vary not merely from month to month, but from day to day and from hour to hour, especially with reference to the great staples which are traded in on the exchanges. The difference of a fraction of a cent in the freight rate may mean the loss of a contract to a merchant or manufacturer at an interior point in the United States who is competing with manufacturers and merchants in other countries. In the development of new countries the American manufacturer of steel cars, locomotives, car materials, bridge work, etc., is competing not only with merchants in this country but with Canada, Russia, Australia and Argentina. Unless the carriers are free to quote such merchants freight rates which will enable them to compete successfully with the business of the merchants of other countries the lines will suffer serious detriment. (Vol. 2, p. 1373.)

(2) World conditions govern ocean transportation. While steamship agreements and conferences admittedly limit competition among the parties to the agreement or the members of the conference, many bulk articles are carried by tramp vessels which operate wherever freight is offered and at constantly changing rates, and no law can with justice restrict the operations of the so-called regular lines and not at the same time be made applicable to the tramp.

(3) The fixing of hard and fast rules in the naming of rates in ocean transportation is impracticable because the unit of transportation by water is the total capacity of the ship, and, unlike the practice in rail transportation, it is impossible to cut off any tonnage space when its use is found unnecessary. Since the ship must be considered a unit, any restraint upon the lines in the naming of their rates would seriously interfere with the economical and safe loading of the vessels and the proper combination of weight and measurement cargo. Numerous steamship representatives have testified to the effect that certain classes of freight, such as grain, must frequently be secured on short notice and at greatly reduced rates in order to properly load the vessels to their marks.

(4) The position of steamship lines differs from that of railroads in that the vehicle of carriage has a charter value which must always be kept in mind. Moreover, railroads enjoy property rights acquired often at the expense of the state, operate by virtue of special privileges, and should therefore be held to the performance of the functions for which they were created. Steamship lines, on the other hand, are not tied like the railroads to a definite route of travel, i. e., vessels are not fixtures in any trade and are not limited in their operation to any fixed line. They have received no public aid or franchise, are essentially enterprises of a private nature, and are not bound to maintain a definitely prescribed service. The vessels may come and go by whatever route or in whatever direction they please and the only incentive to engage in any particular trade is to develop that trade to a point where the profit will justify the operation of a regular and continuous service. In view of these circumstances, it is argued, steamship lines can not be bound to an impossible proposition, and if the fixing of rates should result in the imposition of conditions which embarrass a particular trade, or render it less profitable, it is but natural that the vessels would be transferred to trades where commerce is unrestrained and yields the largest profits. It was the consensus of opinion of the leading steamship line representatives that any attempt to prescribe rates would cause a serious set-back to our export trade; that no legislation could be enacted which could compel the lines to operate a stated number of vessels and a service of prescribed efficiency; and that unless the lines are allowed to transact their business with the freedom believed neces-

sary, American exporters might find themselves in the unhappy position, while allowed low and favorable rates, of being unable to procure sufficient bottoms for the exportation of their goods.

Some of the leading steamship line representatives took the view that tariffs and rates might be filed with some designated commission, and be public, provided the lines be permitted to vary from these rates whenever necessary and without notice to, or authority from, such governmental authority. Thus, according to the testimony of Mr. P. A. S. Franklin, vice president of the International Mercantile Marine Co.,

the only thing we feel could possibly be done—and I do not know whether the majority of the shipping trade agree with me—is the question of filing the rates at some place in Washington for general supervision to which shippers could apply and see what rates are in force at the time and what other people are getting. We feel there is no other way to conduct our business except by working together in the manner in which we are now working.

Mr. Franklin continued to state that rebating or other discrimination between shippers in any trade should be prohibited absolutely, and in this connection justified the filing of rates in the following words:

The object in filing the rates would be that there is the rate of that day. We would have to prove in the case of any difficulty that we offered to a shipper that rate on that day, that everything was equal to all, and that there was an equal chance to everybody to ship at that time. We might get all the freight we wanted to-day, and we might be out of the market to-morrow. (Vol. 1, pp. 625-626.)

Publicity of agreements and arrangements.—The steamship line representatives who testified before the Committee were almost a unit in their contention that cooperation among the lines through agreements relating to rates and methods of doing business are necessary for the economical and efficient handling of our foreign trade. In view of the almost universal existence of such agreements or understandings it was the general consensus of opinion that agreements should be permitted, and that, whenever entered into, all agreements and contracts between steamship lines, or between such lines and any shipper, railroad or other transportation agency, should be filed with the government for approval, or be subject to call by the government at any time, with the understanding that the same can be ordered canceled if any feature thereof should

be considered wrong or unfair.¹ In other words, they believed that the lines should be permitted to make contracts with the knowledge that the same must be filed or are subject to call, thus giving the government the power to determine the merits of any complaints that may be brought, which power should be supplemented with the right to order abuses removed and to protect the complainants against any disciplinary measures which certain lines might wish to inflict.

Publicity of agreements was supported before the Committee not only by most steamship line representatives, but had the indorsement of numerous exporting and importing firms. (Vol. 2, p. 1407.) Even witnesses like Mr. Elijah Warfield, Vice President and General Manager of the Seaboard & Gulf Steamship Co., and Mr. H. H. Haines, Traffic Manager of the Galveston Commercial Association, whose testimony was unfavorable to agreements and conferences as now conducted, regarded it as absolutely essential that lines engaged in the foreign trade should be permitted to enter into some sort of

¹ The following three extracts from the testimony before the Committee will indicate the attitude of leading steamship representatives relative to the publicity of agreements:

Mr. R. P. Schwerin, Vice president of the Pacific Mail S. S. Co., testified: "I think that everybody in the foreign trade would be only too glad to file their arrangements with a designated department of the government and take up with the government any question that required further explanation or further modification, with the knowledge that the government would permit them to carry on their legitimate business without the necessity of putting in private rates and rebates; they would be only too glad to be relieved of any obligation to make private rates and pay rebates." (Vol. 2, p. 908.)

Mr. Paul Gottheil, representing Funch, Edye & Co. and Chairman of the Committee appointed by steamship line representatives to report to the Committee on the Merchant Marine and Fisheries on the advantages and disadvantages of agreements and conferences, testified: "I believe that it would meet the issue if it was only exacted that agreements should be filed. I believe furthermore, however, that whatever the department may be, they should keep these agreements and consider them as private. In England, when an investigation was held, agreements were surrendered very freely, for the simple reason that nothing was published. It does not seem fair that everybody should know everybody else's business. I think that under these conditions publicity would meet the question and prove satisfactory." (Vol. 1, p. 384.)

Mr. P. A. S. Franklin, Vice president of the International Mercantile Marine Co., testified: "I feel that the present position of the steamship companies is rather an unfortunate one, where all their agreements are looked upon with suspicion, more because the other fellow does not know what is in them than because of what is really in them, and I think, as far as agreements pertaining to business from the United States are concerned, it would not be at all prejudicial to business to have them filed. . . . I do not see any serious objection to publicity, because I believe that all these agreements that so much fuss has been made about are all absolutely reasonable and good economic propositions for the commerce of the United States both east and west bound. If they are not, that is all the more reason why they should be known; that is why I am in favor of filing the eastbound agreements. I do not like to say anything about the west-bound situation. It is not one we have any control over here; but as far as the eastbound situation is concerned we do practically control that, and I see no objection to filing the agreements and filing our rates of freight. I do see very serious obstacles and objections to having rates fixed and not subject to change without notice." (Vol. 1, pp. 626, 627.)

cooperative agreement, but that all arrangements should be known to the government and be subject to its regulation. The great majority of the supporters of publicity, however, took the view that the agreements, when obtained by the government, should be kept private and not advertised broadcast on the ground that it is unfair for every line to know every other line's business.

Other recommendations.—The remaining suggestions offered to the Committee for proposed legislation deal primarily with the elimination of discrimination between shippers. Briefly stated, it was the consensus of opinion that discrimination between shippers in the matter of rates and cargo space should be absolutely prohibited, and that the relations between the lines and shippers should not be the subject of private and secret negotiations between the parties. Although the difficulty of enforcement was generally admitted, it was frequently suggested that the lines should be compelled to accept cargo from all shippers when offered with due regard to the proper loading of the vessel and the tonnage available, and should be prohibited from refusing accommodations to any shipper by way of retaliation because he may have shipped by an independent line, or may have filed a complaint charging unfair treatment, or for other unjust reasons.

While rebating, as commonly understood, was universally condemned, there was considerable division of opinion as to the desirability of permitting the use of deferred rebate systems. Most of the conference line representatives, on the one hand, upheld the use of such rebates, especially in the long-distance trades, on the plea that they are equally available to all shippers, irrespective of the size of shipments, and are often necessary to the protection of the lines (which in order to furnish a regular, speedy and efficient service at uniform rates must be assured of the constant support of the shippers in the given trade) against sporadic attacks of tramp vessels which have no permanent interests to conserve and which, unless shippers can be prevented from patronizing them, can easily disorganize and make unprofitable a regular line service. On the other hand, the witnesses identified with independent steamship line projects, such as Messrs. Sidney Story, William Lowry, and Joseph J. Slechta, strongly opposed such rebates, even though they apply only to our import trade, on the ground that they effectively preclude any independent line from obtaining return cargo, thus making it

impossible for the line to realize anything but a heavy loss on the round voyage. It should be stated here that small shippers must depend to an increasing extent upon regular line services, and that the tramp vessel is rapidly becoming the carrier for large bulk cargoes. Most of the important complaints from shippers against deferred rebates have come from large firms whose shipments are frequently of such size as to justify the employment of tramp steamers. These firms object to being tied to the regular lines to the exclusion of the use of tramps. In other words, they wish to employ a tramp whenever it suits their convenience, at the same time insisting that the regular lines, whose service is naturally dependent upon the regular support of shippers, be ready at all times to take their shipments when they do not desire to use tramps, i. e., they insist on the regular lines carrying out their promises relative to speed, good service and regularity, without, however, being able to rely upon the shippers' constant support.

PART II.

Steamship Company Affiliations in the
American Domestic Trade.

CHAPTER XI.

STEAMSHIP COMPANY AFFILIATIONS ON THE GREAT LAKES.

Control of the Through-Package Freight Business by Railroad-Owned Boat Lines.

Enumeration of railroad-owned steamship lines.—Although numerous independent steamship lines operate in the local port-to-port traffic on the Great Lakes, the through traffic from the western gateways on the Lakes, such as Chicago and Duluth, to the eastern seaports via Buffalo, is controlled exclusively by six boat lines owned by the trunk-line railroads connecting the east and central west. (Vol. 2, pp. 841, 1225.) These six lines, representing a total of 63 vessels of 180,007 gross tons, are the following: The Erie Railroad Transit Line, operating between Buffalo and Chicago, and owned and operated directly by the Erie Railroad Co.; the Erie & Western Transportation Co. operating between Buffalo and Duluth and Buffalo and Chicago, and controlled by the Pennsylvania Railroad and Northern Central Railway Cos.; the Lehigh Valley Transportation Co., operating between Buffalo and Chicago, and owned exclusively by the Lehigh Valley Railroad Co.; the Mutual Transit Co., operating between Buffalo and Duluth, and owned entirely by the Mutual Terminal Co. of Buffalo, the stock of which company, in turn, is owned jointly by the New York Central, the Lehigh Valley, the Erie, and the Delaware, Lackawanna & Western Railroad Cos., each owning one-fourth of the capital stock; the Rutland Transit Co., operating between Ogdensburg and Buffalo and Chicago, and owned entirely by the Rutland Railroad Co., which, in turn, is owned by the New York Central and the New York, New Haven & Hartford Railroad Cos.; and the Western Transit Co., operating between Buffalo and Duluth and Buffalo and Chicago, and owned entirely by the New York Central & Hudson River Railroad Co. (For details of the railroad ownership of these lines, and the intermediate ports served, see the following table.)

LEADING LAKE LINES CONTROLLED BY AMERICAN RAILROADS.

<i>Name of steam- ship line.</i>	<i>Number of vessels.</i>	<i>Total gross tonnage.</i>	<i>Nature of railroad control.</i>	<i>Route between—</i>
Erie R. R. Transit Line.	8	20,553	Owned and operated directly by the Erie R. R. Co.	Buffalo and Chicago, calling at Fairport, Cleveland, Manito- woc (eastbound), and Milwaukee.
Erie & Western Transp. Co.	13	43,656	Of \$3,000,000 of capi- tal stock outstand- ing the Penna. R. R. Co. owns \$2,495,150 and the Northern Central Ry. Co. \$500,000.	(1) Buffalo and Du- luth, calling at Erie, Cleveland, Detroit, Mackinac Island, Sault Ste. Marie, Marquette, Dollar Bay, and Houghton. (2) Buffalo and Chi- cago, calling at Erie, Detroit (westbound), and Milwaukee (eastbound).
Lehigh Valley Transp. Co.	7	19,211	All capital stock (\$1,510,000) and bonds (\$489,000) are owned by the Le- high Valley R. R. Co.	Buffalo and Chicago, calling at Manitowoc and Milwaukee.
Mutual Transit Co.	12	32,190	Mutual Terminal Co. of Buffalo owns all of its stock (\$40,000) and bonds and notes (\$2,556,000). The Mutual Terminal Co. is owned jointly by the New York Central & Hudson River R. R. Co., Lehigh Valley R. R. Co., Erie R. R. Co., and Del., Lacka- wanna & Western R. R. Co., each owning one-fourth of its capital stock.	(1) Buffalo and Du- luth, stopping at Cleveland (west- bound), Portage, De- troit (eastbound), and Fairport (east- bound). (2) Buffalo and Glad- stone, calling at Cleveland (west- bound), Windsor, Green Bay, Detroit (eastbound), and Fairport (east- bound).
Rutland Transit Co.	8	16,745	All capital stock (\$1,000,000) is owned by the Rut- land R. R. Co., a majority of whose stock, in turn, is owned by the New York Central and the New York, New Haven & Hartford R. R. Cos. During 1912 the company leased six vessels from the Western Transit Co.	Ogdensburg and Chi- cago, calling at Buf- falo and Milwaukee.

LEADING LAKE LINES CONTROLLED BY AMERICAN RAILROADS—
Continued.

<i>Name of steam- ship line.</i>	<i>Number of vessels.</i>	<i>Total gross tonnage.</i>	<i>Nature of railroad control.</i>	<i>Route between—</i>
Western Transit Co.	15	47,652	Outstanding capital stock of \$1,000,000 owned entirely by the New York Central and Hudson River R. R. Co.	(1) Buffalo and Duluth, calling at various intermediate ports. (2) Buffalo and Chicago, calling at Milwaukee.

In addition to the above-named standard lines mention should be made of—

(1) The Mackinac Transportation Co., operating two steamers of 4,189 gross tons, between Mackinaw City and St. Ignace, across the Straits of Mackinac. The entire capital stock is owned by the Michigan Central, Grand Rapids & Indiana, and Duluth, South Shore & Atlantic R. R. Cos., each owning one-third of the stock.

(2) The Northern Steamship Co., whose entire capital stock of \$1,500,000, except the directors' qualifying shares, is owned by the Great Northern Railway Co. The two steamers, with a combined gross tonnage of 8,488 tons, maintain a strictly passenger service between Chicago and Buffalo. The Mutual Transit Co. acquired the freight vessels of this company.

(3) The car ferries of several railroad companies for the transportation of freight in car loads, without breaking bulk, between various points on Lake Michigan.

Methods by which the railroads, owning standard lake lines, have prevented independent water carriers from participating in the through package freight traffic.—Up to the time that the trunk railroad lines reached only to Buffalo, and had no interest in the rail lines to the west of Buffalo, it was to their interest to maintain the Lake lines in such a manner as to attract the largest amount of tonnage to Buffalo. But, with the extension of their rail lines to the west, their policy changed; and, instead of attracting all possible tonnage to the Lake lines connecting Buffalo and the west, every effort was made to divert water-borne traffic to their rail lines and to prevent independent water carriers from securing an important foothold.

In the effort to prevent competition by independent lines, it should be noted in the first place that the railroad-owned lines are favored by the fact that the transportation of general merchandise requires a particular type of steamer, i. e., one which has several full-length decks, whereas the modern bulk freighters, with a view to avoiding interruptions in rapid loading and unloading, must have as few compartments and divisions as possible. The numerous bulk carriers on

the Lakes are thus not adapted to compete in the transportation of general merchandise; and this situation, combined with the further fact that most of the general merchandise traffic originates on the railroads at some distance from the terminals of the water carriers, has given the railroads a greater control over this class of freight and the special type of vessel used. As Mr. Julius H. Barnes, Chairman of the Traffic Commission of the Duluth Chamber of Commerce, testified before the Committee, "so long as this class of freight originates on the railroads and is controlled by them, it is in their power to say to whom they will give it. They will not share it with any individual carrier that might offer, and they have thus controlled its movements." (Vol. 2, p. 842.) Similarly, the Chicago Harbor Commission in its consideration of railroad control over Lake transportation between Chicago and Buffalo reported that, "only boats owned by the railroads may engage in the package freight business between Chicago and Buffalo. If these two cities were both destination points for traffic, of course nonrailroad-owned vessels could not be excluded from competition. But Buffalo is not a destination point. It is a transfer station. Goods reaching Buffalo by lake must go east by rail or canal. Likewise, freight from the east reaching Chicago water-borne must be brought to Buffalo by rail or canal. The railroad makes with its own boat lines a through route and a joint rate from Chicago to the eastern destination, or vice versa." (Report of the Chicago Harbor Commission, 1909, p. 187.) In fact, all the testimony before the Committee is to the effect that the through transportation of strictly package freight on the Lakes is completely under the control of the railroad-owned lines.

Having become masters of the water-borne package freight business between Chicago or Duluth and Buffalo for transshipment to the seaboard, the railroads began the attempt in 1908 to secure control of the large grain movement to the east via the Lakes, a traffic handled largely by tramp steamers which seek to make their rates from port-to-port without reference to rail transportation. The policy of the railroads in this respect is to charge more for the local haul from Buffalo to the seaboard on grain that is taken to Buffalo by boat, than the proportionate share of the all-rail haul from Chicago to the seaboard. The effect of this policy is twofold, viz, (1) to divert the movement of grain from the Lakes to the railroads, and

(2) to make the local rate between Buffalo and the eastern destination so high as to leave little to the independent water carrier for its local lake haul after paying the rate for the local rail haul.

While asserting that the railroad companies can not control the movement of grain in the sense that they dominate the transportation of general merchandise, Mr. William M. Hopkins, Manager of the Transportation Department of the Chicago Board of Trade, testified before the Committee that "in effect the rail carriers do control the rates of transportation and take away the value of cheap transportation on the Lakes by reason of their control of the connecting rail transportation beyond the Lakes" (Vol. 2, p. 1225); and recommended that a statute be passed "whereby the railroad companies should not be permitted to charge more for the same service on waterborne traffic, on the same commodities, than they charge on all-rail traffic" (Vol. 2, p. 1228). He explained that in the case of package freight from Chicago to the seaboard, where joint through rates are used in both the all-rail and lake-and-rail hauls, "the proportion which the rail lines east of Buffalo earn out of their all-rail rate is the same they earn as their proportion of the through lake-and-rail rate." (Vol. 2, p. 1225.) But in the case of grain, as he testified, "we have no joint through tariffs at all. The railroads have what they call an ex-lake rate, i. e., a rate on property coming off the Lakes which refers particularly to grain; and that ex-lake rate is materially higher than their proportion of the all-rail grain rate that they earn easterly from Buffalo. So much so that while the rates for transportation on grain are very low from Chicago to Buffalo, the rates from Buffalo to the east are so high as to take away the advantage of that water transportation and thus actually make your aggregate cost of transportation by lake and rail higher than the all-rail rate." (Vol. 2, p. 1226.)

Thus, in the case of oats, using Mr. Hopkins' illustration, the rate from Chicago to Buffalo by tramp steamer is approximately 3 cents per hundred pounds, and the local rail rate from Buffalo to Philadelphia is 14 cents, or a through lake-and-rail rate of 17 cents as contrasted with a through all-rail rate from Chicago to Philadelphia of 14 cents, thus making it cheaper by 3 cents a hundred pounds to ship all-rail than by lake-and-rail. The difference, as explained by Mr. Hopkins, "is accounted for wholly by the proportion east of

Buffalo, because out of that 14 cents, all-rail, the line from Buffalo to Philadelphia will accept about $7\frac{1}{2}$ cents as the proportion of the all-rail rate; but when the same traffic originating at the same point and for the same transportation service from Buffalo to Philadelphia comes off the Lake they want 14 cents for it. The same situation exists as to Boston." (Vol. 2, p. 1226.) Mr. Julius H. Barnes likewise testified with reference to the Duluth grain traffic that the railroads pursue a policy of not taking grain at the same rate from Buffalo to New York when delivered to them ex-rail, and that they will haul the grain for the balance of the through route from Buffalo to New York much cheaper for their own steamers than for an independent Lake carrier. He further testified that when their independent City Line attempted to carry flour to the east they were unable to unload anywhere except at the railroad dock in Buffalo, and that they were charged "11 cents east of Buffalo, whereas the railroads east of Buffalo were carrying flour delivered by their own Lake steamers at 9.2 cents, plus the switching charge of \$1.50." (Vol. 2, pp. 843 and 850.)

This discrimination against the grain coming off the Lakes, Mr. Hopkins asserted, could not be justified by reason of extra terminal charges, such as the cost of unloading and reloading, because, as he testified, "you can take grain and stop it at Buffalo, put it into an elevator, keep it there for 12 months, and then take it out of the elevator and get it through on a total through charge of 14 cents. That is what they call the transit privilege for the purpose of drying it or milling it in transit, or for some other purpose. So the terminal service at Buffalo is exactly the same in that transaction as would be performed if you had two local transactions, or the transportation of grain coming off the Lakes and then going all-rail. * * *

If the ex-lake grain was put in an elevator and transshipped it would be exactly the same, so that the transportation service would be performed to the same extent in both cases. It would not be exactly true if a shipper does not stop at Buffalo at all. If the all-rail transaction went through, then you would not have quite as much expense as you would have on the water-borne traffic. The difference would be in the terminal service, and the difference in the cost of service in the case of oats would be measured by the cost of the switching rate, which is approximately \$1.50 a car of about

40,000 pounds, or about one-tenth of 1 per cent." (Vol. 2, p. 1227.) Despite the foregoing data, however, Mr. Hopkins emphasized the fact that the Interstate Commerce Commission upheld the practice of the railroads on the ground that the water-borne traffic was local traffic to the railroads at Buffalo, and that so far as the railroads were concerned this traffic must be regarded as originating in Buffalo, thus giving them the right to charge more on the local haul than they would if the transaction was considered as a portion of the through haul. (Vol. 2, p. 1228.) This ruling of the Interstate Commerce Commission Mr. Hopkins opposed on the ground that the through rate should be made the aggregate of the two local rates (one on the lake haul and the other on the rail haul), less the terminal cost on these local transactions which, as he pointed out, is much less than the present discrimination. To permit the present practice, according to his testimony, means that the railroads, while making joint lake-and-rail and all-rail through rates on merchandise, since they control the entire business, can refuse to make joint rates on the grain traffic, because they do not control this entire business, thus in fact controlling the grain traffic and driving it from the Lakes to the all-rail lines by the imposition of excessive charges on water-borne grain eastward from Buffalo.

But even if independent carriers should manage to overcome all other obstacles, the railroads are still in a position to effectively control independent water carriers by refusing to give them the benefit of their dock facilities at Buffalo both for the discharging and receiving of cargo, the independent carrier thus being required, in addition to the other disadvantages already enumerated, to unload at some other dock and team the goods to or from the railroad station. To make the situation worse, the railroads have secured nearly all the water frontage in Buffalo available for dock purposes. According to the Commissioner of Corporations,¹ the most important frontage and wharves of Chicago and Duluth belong to the railroads; while with reference to Buffalo,

about half of the active river frontage is owned by railroads, with some small holdings by water lines. Of the 5 miles on the two sides of the city ship canal, 4 miles are owned by railroads on the lake front. The total frontage protected

¹ Pages 25-26 of the Report of the Commissioner of Corporations on water terminals, Sept. 26, 1910.

by breakwaters is about 4 miles of which the railroads own about 3, subject to some disputes as to title. The city owns about three-fourths of a mile, but, with the exception of two blocks, practically none of its frontage can be reached without crossing railroad property. * * * For some years there appeared to exist a well-defined combination between the railroads, their water lines, and most of the elevators at Buffalo, by which the railroads were able to influence materially the grain traffic there, and use that influence against the Erie Canal. Just how far this situation still exists is not clear, but there is some reason to believe that the railroads continue to exert a considerable control over the grain traffic. * * * The situation at Buffalo is due in considerable degree to the fact that the railroads largely control terminals as well as important water lines, refuse to prorate with independent water lines, and refuse the use of their docks unless the freight goes over their lines.¹

The situation referred to by the Commissioner of Corporations was fully substantiated by Mr. William M. Hopkins of Chicago and Mr. Julius H. Barnes of Duluth, both testifying before the Committee to the effect that even the elimination of all other discriminating practices would not bring about the existence of an independent through-package freight service, unless the independent carrier is given the use of docks on an equal basis with the railroad-owned lines. Mr. Hopkins, in particular, testified that "the independent carrier does not and can not carry merchandise to-day, because he has no docks. There are some privately owned docks which he could use at Chicago, but when he gets to Buffalo he has no place to unload. All the docks are owned by the rail carriers at Buffalo and they will not permit the use of those docks by the independent carriers, except at an exorbitant charge. The result is there is no through package freight carried on the Lakes by the independent vessels." (Vol. 2, p. 1236.)

Railroad control of the Erie Canal.—In view of the railroad control of the standard through Lake lines, as well as the lake haul eastward of Buffalo, it may be asked: Can not independent Lake carriers utilize the Erie Canal route for shipments from the West to the seaboard? The answer is that this route is also completely dominated by the railroads as far as through traffic is concerned. Although at one time this waterway served as an important connecting link between the West and the East and exerted a powerful influence on rail rates, the railroads as early as 1878 sought to control this traffic, and

¹ Pages 25-26 of the Report of the Commissioner of Corporations on water terminals, Sept. 26, 1910.

since that time have lost no opportunity of diverting the canal traffic to their own lines by one method or another. Their control of the Erie Canal has become so effective that the carriage of through freight on the canal, i. e., freight originating outside of the State of New York, has, according to the findings of the New York Barge Canal Terminal Commission, "almost reached the vanishing point." Thus, during the year 1910, which is representative of recent years, the shipments of both through and way freight on the State canals of New York totaled only 3,473,412 tons, and of this only 805,180 tons represented through freight. In other words, the way freight, i. e., freight to or from points on the canals, was 3.31 times the through freight, thus showing that the Erie Canal has become relatively unimportant as a route for the carrying of freight between the Great Lakes and the Atlantic Seaboard. (Report of the New York Barge Canal Terminal Commission, 1911, Vol. I, pp. 63-64.)

This declining importance of the canal is largely due, as already pointed out, to the efforts of the railroads to divert the traffic to their own lines, and the following factors may be briefly mentioned as indicating the methods which the railroads have pursued in accomplishing this purpose:

(1) The railroads secured control of the so-called canal boat lines, the Erie Railroad having acquired the Union Steamboat Canal Line in about 1878; the New York Central having acquired the Western Transportation Co. doing both a canal and lake business, and later known as the Western Transit Line; the Pennsylvania Railroad Co. having organized the Planet Line, later known as the Western States Line; and the Lehigh Valley Railroad Co. having organized the Diamond Despatch in 1892. At present there are four so-called railroad canal "lines" operating on the Erie Canal (really, however, constituting only railroad forwarding agencies), viz, the Western Transit Line (New York Central Railroad), the Erie Railroad Transit Canal Line (Erie Railroad), the Western States Canal Line (Pennsylvania Railroad), and the Diamond Despatch (Lehigh Valley Railroad).¹ In reality the canal boats are owned by individual captains, who obtain their through westbound freight almost entirely from the above-mentioned railroad forwarding agencies, which own

¹ Report of the Commissioner of Corporations on the control of Water Carriers by Railroads and Shipping Consolidations, Dec. 23, 1912, pp. 57-58.

no boats but only solicit freight from shippers, and which charter the canal boats from the individual owners. Moreover, the freight sent on such chartered boats, according to the New York Barge Canal Terminal Commission, consisted mainly of "commodities for shipment to or west of Buffalo which could not bear the rates charged by the railroads." In such cases, according to the report of the Commission:

The agents of the railroads would contract for the shipment of this freight as far as Buffalo by canal boats, and thus, in the vernacular of the canal world, there came to be known what were termed "canal lines," but which were not lines at all, but consisted of individually owned canal boats, intermittently chartered by the railroads, for the carriage of the commodities as far as Buffalo. As it is essential that canal boats should have a certain amount of freight in them in order that they may pass under the bridges of the canal, they were always glad to be thus chartered by the railroad agents, and the latter, on the other hand, were generally able to drive a hard bargain as to westbound rates with these canal boat owners. But, so few are the boats now operating upon the canals, that the "canal lines," once the fictitious property of the railroads, have almost disappeared. (Report of the New York Barge Canal Terminal Commission, 1911, Vol. I, pp. 77-78.)

The railroad forwarding agencies, enumerated above, together with a few independent canal lines, are members of the New York Canal Forwarders' Association. According to the report of the Commissioner of Corporations, the railroad agencies have also effected an association of their own known as the New York Canal and Lake Agents' Association, and this organization, together with the Association of Lake Lines (also dominated by the railroads) arranges and publishes the through rates via the canal as well as joint canal and lake rates. (Report of the Commissioner of Corporations, Dec. 23, 1912, pp. 58-59.)

(2) Having acquired all the through lake lines connecting Chicago and Duluth with Buffalo, and controlling the leading forwarding agencies on the canal, it was comparatively easy for the railroads to divert the canal traffic to their own rail or lake lines by refusing to exchange freight with the independent canal lines or forwarders, except upon payment of full local rates from Buffalo. As pointed out by the Commissioner of Corporations (Report of Dec. 23, 1912, p. 59), "the canal rate to Buffalo plus the rail rate, or the local lake rate, from Buffalo to the West makes the through rate so high, as compared with the through rate of railroads by their canal-

lake-and-rail lines to western points, that the independent forwarding agencies virtually have no chance to do business." In other words, the independent canal lines were prevented from having any lake connections, and were thus forced to depend upon local canal business, which was relatively small. Relative to this practice the New York Barge Canal Terminal Commission reports that,

Canal boats are greatly handicapped because of the lack of the through bills of lading so invariably used by the railroads and which, of themselves, so greatly facilitate shipments by the railroads. * * * Again, the railroads have always refused to either prorate or through rate with canal carriers but, on the contrary, have only been willing to receive freight brought to them by canal boats in the most unusual and expensive manner, such as by forcing them to discharge their freight at places other than the railroad wharves, and then team it to the railroad wharves, instead of allowing them to come direct to the railroad wharves and there discharge their freight. By refusing, on the other hand, to deliver freight to canal boats at their wharves, they have been able to prevent them from carrying large quantities of freight that would otherwise have been shipped by the canals (Report of 1911, p. 78.)

(3) In connection with the foregoing factors should be mentioned the railroads' policy of acquiring the terminal facilities at both Buffalo and New York, thus forcing the independent canal lines to even abandon most of their local business. The effect of this railroad control of terminal facilities is explained at great length in the 1911 report of the New York Barge Canal Terminal Commission and is regarded by the Commission as the greatest obstacle confronting transportation on the Erie Canal. Thus, as regards Buffalo, with reference principally to the eastbound trade, and especially grain which is the chief item of eastbound through traffic, the report states:

The package freight business is wholly in the hands of the railroads, chiefly because of their terminal facilities, and because the canals have, hitherto, possessed no terminal facilities whatever. Until facilities of an entirely independent character are established at Buffalo for transshipments, it is unlikely that there will be any considerable increase in through freight traffic upon the canals, however they may be enlarged short of avoiding the breaking of bulk at that city. * * * In the case of grain, there are but three or four "independent" grain elevators. There being no wharves or other facilities at Buffalo reserved for the use of vessels bringing cargoes there from Lake ports that might be carried on the canals, these boats are practically forced to lie up at privately-owned—generally railroad-owned—wharves, thus facilitating the shipment of the freight by the railroads, since the latter refuse to afford any accom-

modation at their wharves for canal boats attempting to obtain cargoes for eastern carriage, as well as denying to all canal boats other than those chartered by them access to their wharves for the shipment of freight brought west. (Report, 1911, pp. 77-78.)

Again with reference to New York City the report states:

There has never been any section of the improved water front in New York City, not even at the so-called canal basins, or canal districts, where there were any facilities, other than the unshedded wharves, for the accommodation of freight destined for shipment over the canals, or for freight received from the canals. There has, even at such open wharves, been no one to receive and care for any freight that might be received either for shipment over the canals, or that might be received at them by canal boats for local use. Lacking these essentials to the modern handling and carriage of freight it was inevitable that the through business should have almost vanished. (Report of 1911, p. 77.)

The Effects of Railroad Control of Through Lake Lines and Canal Forwarding Agencies.

Aside from the elimination of independent carriers the effects of such control which have been most emphasized by witnesses before the committee are the increase in water rates on through package freight and the failure to improve the service. In the first place lake-and-rail and canal-and-lake rates have shown a marked advance under railroad control, while the all-rail rates between Chicago and New York have remained about constant for the past two decades. Because of the slower speed and the larger number of transfers incident to water transportation, the lake-and-rail rates between Chicago and New York, for example, are lower than the all-rail rates between these points by an established difference, i. e., a differential which measures approximately the difference between the value of the water service and the rail service. The present differentials between the two services may be illustrated for the several classes of freight as follows:

Westbound:

	<i>Class 1.</i>	<i>Class 2.</i>	<i>Class 3.</i>	<i>Class 4.</i>	<i>Class 5.</i>	<i>Class 6.</i>
New York to Chicago:						
All-rail.....	75	65	50	35	30	25
Rail-and-lake.....	62	54	41	30	25	21
Differential.....	13	11	9	5	5	4

Eastbound:

	<i>Class 1.</i>	<i>Class 2.</i>	<i>Class 3.</i>	<i>Class 4.</i>	<i>Class 5.</i>	<i>Class 6.</i>
Chicago to New York:						
All-rail.....	75	65	50	35	30	25
Rail-and-lake.....	63	55	43	30	26	21
Differential.....	12	10	7	5	4	4

The above differentials are merely illustrative of the plan in general, various differentials having been adopted as between different routes and different cities. But what should be particularly noted is that the differentials between the all-rail and the lake-and-rail rates have in all cases been narrowed, thus causing an increase solely in the rates for the lake haul, since the all-rail rates have remained constant. While the standard lake-and-rail rates between New York and Chicago, for example, were—

<i>Class 1.</i>	<i>Class 2.</i>	<i>Class 3.</i>	<i>Class 4.</i>	<i>Class 5.</i>	<i>Class 6.</i>
54	47	37	27	23	20

prior to 1901, these were increased in 1901 from 54 to 59 cents on first-class freight, and other classes to correspond. In 1907 there was another advance to 62 cents on first-class freight, and other classes to correspond. Similarly canal-and-lake rates from New York to Chicago have also advanced since 1892, as follows:

	<i>Class 1.</i>	<i>Class 2.</i>	<i>Class 3.</i>	<i>Class 4.</i>	<i>Class 5.</i>	<i>Class 6.</i>
In 1892.....	30	25	20	18	16	14
At present.....	42	36	29	23	21	18

These increases in the through water rates, while the all-rail rates have remained nominally constant, have, it was argued by the witnesses before the Committee, made the differential between the lake-and-rail and all-rail rates so small that the freight will move by rail. The inducement to use the water route, it is argued, is economy; and if the differential between the two rates just measures the disadvantages of the water route, the railroads will get the business, because, all things considered, the railroad service is preferred. Under such conditions, it is argued, the value of the water line as a regulator of

rail rates disappears. Mr. William M. Hopkins in his testimony emphasized the point that the reduction of the difference between the all-rail and the lake-and-rail first-class rate between 1901 and 1913 from 21 to 13 cents, and correspondingly on other classes, has been brought about, not by a reduction of the all-rail rate, but by an advance wholly on the lake transportation portion of the through rate. (Vol. 2, p. 1225.)

Mr. Julius H. Barnes of Duluth emphasized the same point in his testimony, stating that whereas "in 1890 the lake-and-rail rate on flour from Minneapolis to New York was 20 cents and the rail rate 25 cents, and all flour moved lake-and-rail, they have since advanced the lake rate until the difference to-day is between 23 and 25, instead of 20 and 25, and that is just the dividing line where they are giving just enough to the Lakes to make a bluff at water transportation. If it was necessary, they would raise it to 24 as against 25, and they can do that, in my judgment." (Vol. 2, p. 843.)

To the foregoing it may be added, as already indicated, that the Lake lines have arrangements for through routing and division of rates with the railroad lines, as shown in tariffs filed with the Interstate Commerce Commission, and the division received by the railroads for their haul east of Buffalo on traffic moving via the lake-and-rail route are substantially the same as the divisions they receive for the same haul on similar traffic moving via all-rail routes. Any changes in rates which any of the steamship companies may have to make are apparently made known to the other water carriers. The Western Transit Co. (controlled by the New York Central) reported to the Committee that they have no understanding or working arrangement with any of the other lines, except that "the Company generally notifies the following Lake lines (Baltimore & Ohio Lake Line, Canada Atlantic Transit Co., Cleveland & Buffalo Transit Co., Detroit & Cleveland Navigation Co., Erie Railroad Transit Line, Erie & Western Transportation Co., Lackawanna Transportation Co., Lehigh Valley Transportation Co., Mutual Transit Co., Port Huron & Duluth Steamship Co., and Rutland Transit Co.) of changes in its rates, and receives similar notification from them."

Not only has freight destined to the East been diverted from the Lakes through the narrowing of the differential between the lake-and-rail and all-rail rates, but the railroads have had no incentive

to improve their water-line service, their policy in this respect being entirely different from that pursued by the bulk carriers. Mr. Barnes testified that—

the package freight lines are loading and unloading merchandise on the Lakes the same to-day as they did 40 years ago. Absolutely nothing has been done in the way of installing mechanical devices to cheapen the transshipping of package freight. It has been to the interest of the railroads to maintain the old-fashioned gangway style of steamers, in which freight must be taken on and off over the side of the boat on trucks. The small derrick arranged for some classes of freight, such as flour and mill stuffs, which would lift the freight directly from the cargo hold out on the docks, would cheapen the transshipping charge, but as long as it originates on the railroads and is controlled by them, it is in their power to say to whom they will give it and they will not share it with any individual carrier that might offer. (Vol. 2, pp. 841-842.)

Leading American Lake Lines Not Owned By Railroads.

Exclusive of ferry companies and strictly passenger lines, a considerable number of American lines engaging in the general freight business are not owned by railroads. The following table enumerates the 17 leading freight lines of this character, representing a total of 70 vessels with a combined tonnage of 100,557 gross tons. Most of these lines, it will be observed from the data in the table, are comparatively small and none engage in the through traffic from Western terminal centers, like Chicago and Duluth, to Buffalo. Moreover, of these 17 lines, 5 (Cleveland & Buffalo Transit Co., Detroit & Cleveland Navigation Co., Goodrich Transit Co., Graham & Morton Transportation Co., and Northern Michigan Transportation Co.) operate nearly one-half of the vessels and control nearly 65 per cent of the total tonnage indicated above; while the 10 largest lines (including in addition to the aforementioned 5, the Chicago and South Haven Steamship Co., Crosby Transportation Co., Pere Marquette Line Steamers, Port Huron & Duluth Steamship Co., and the White Star Line) control nearly 80 per cent of the vessels with an aggregate of 89,594 gross tons, or 89 per cent of the total.

LEADING AMERICAN LAKE LINES NOT OWNED BY RAILROAD COMPANIES.¹

<i>Name of line.</i>	<i>Number of vessels.</i>	<i>Total gross tonnage.</i>	<i>Route between—</i>	<i>Relations with other carriers through agreements, stock ownership.</i>
Arnold Transit Co.	5	1,700	(1) Green Bay and Sault Ste. Marie, calling at points in the Straits of Mackinac. (2) Cheboygan and Sault Ste. Marie, calling at Mackinac Island. (3) St. Ignace and Lakeside, Mich., calling at Mackinac Island and small points en route.	Company reports no competition from water carriers to ports served directly but considerable territorial competition from other water carriers.
Ashley & Dustin Steamer Line.	2	1,714	Detroit, Put-in-Bay, and Sandusky.	
Benton Transit Co.	2	715	Chicago and Benton Harbor.	
Cleveland & Buffalo Transit Co.	4	7,753	Cleveland, Erie, and Buffalo.	Company states that on freight traffic from Cleveland to Erie and Buffalo no competition from water carriers is encountered. In the opposite direction company comes in competition with the Erie & Western Transportation Co. The company owns a half interest with the Detroit & Cleveland Navigation Co. in the Cleveland & Toledo line, operating between Cleveland and Put-in-Bay, Ohio.
Chicago, Racine & Milwaukee Line.	3	2,767	Chicago, Racine, and Milwaukee and return.	
Crosby Transp. Co.	4	5,147	Milwaukee to Muskegon via Grand Haven.	

¹ Ferry companies and strictly passenger lines are not included in the above lists.

LEADING AMERICAN LAKE LINES NOT OWNED BY RAILROAD COMPANIES—Continued.

<i>Name of line.</i>	<i>Number of vessels.</i>	<i>Total gross tonnage.</i>	<i>Route between—</i>	<i>Relations with other carriers through agreements, stock ownership.</i>
Chicago & South Haven S. S. Co.	3	4,211	Chicago and South Haven.	Company reports that it encounters no competition from other water carriers as regards its direct ports but has territorial competition from other carriers.
Detroit & Cleveland Navigation Co.	10	26,010	(1) Detroit and Buffalo. (2) Detroit and Cleveland. (3) Toledo, Detroit, Port Huron, Harbor Beach, Alpena, Cheboygan, Mackinac Island, and St. Ignace. (4) Cleveland, Put-in-Bay, and Toledo.	The company owns a half interest with the Cleveland Navigation Co. in the Cleveland & Toledo Line, which it operates.
Escanaba & Gladstone Transp. Co.	1	398	Escanaba and Garden Bay, stopping at various small intermediate ports.	Company reports no competition from other water carriers.
Graham & Morton Transp. Co.	6	9,849	(1) Chicago and Holland. (2) Chicago, St. Joseph, and Benton Harbor.	Company reports no competition from other water carriers between Chicago and Holland. Between Chicago and Benton Harbor the line competes with the two small steamers of the Benton Transit Co.
Goodrich Transit Co.	10	12,677	(1) Chicago, Grand Haven, Muskegon, and White Lake. (2) Chicago, Racine, and Milwaukee. (3) Chicago, Racine, Milwaukee, Sheboygan, Manitowoc, Georgian Bay, and numerous other northern points, and return.	
Hill Steamboat Line.	1	340	Kenosha to Chicago, calling at Waukegan.	Company reports that it encounters no competition from other water carriers.
Indiana Transp. Co.	2	3,329	Michigan City and Chicago.	Company reports no competition on freight from other water carriers.

LEADING AMERICAN LAKE LINES NOT OWNED BY RAILROAD COMPANIES—Continued.

<i>Name of line.</i>	<i>Number of vessels.</i>	<i>Total gross tonnage.</i>	<i>Route between—</i>	<i>Relations with other carriers through agreements, stock ownership.</i>
Northern Michigan Transp. Co.	4	8,648	(1) Chicago, Ludington, Manistee, Frankfort, Petoskey, Mackinac Island, and Sault Ste. Marie. (2) Chicago, Frankfort, Glen Haven, Petoskey, Mackinac Island, and Sault Ste. Marie. (3) Chicago, Glen Haven, Petoskey, St. Ignace, Mackinac Island, Collingwood, Parry Sound, Killarney, and Sault Ste. Marie.	Owns 99 per cent of the stock of the Chicago, Racine & Milwaukee Line.
Port Huron & Duluth S. S. Co.	3	6,171	Port Huron, Sault Ste Marie, Portage, and Duluth.	
Pere Marquette Line Steamers.	5	4,099	(1) Milwaukee and Ludington. (2) Ludington, Manistee, Onkama, Arcadia, and Frankfort. (3) Ludington and Pentwater. (4) Milwaukee, Ludington, and Pentwater, returning direct to Milwaukee.	
White Star Line...	5	5,029	Toledo and Port Huron, via Detroit, calling at various small places en route.	Company reports that the Duluth & Cleveland Navigation Co. operates to the same points from Toledo, Ohio, to Port Huron, Mich., and makes the same rates.

It should also be noted that of the aforementioned 17 lines the Northern Michigan Transportation Co. owns 99 per cent of the capital stock of the Chicago, Racine & Milwaukee Line; and the Detroit & Cleveland Navigation Co., and the Cleveland & Buffalo Transit Co. jointly own (each owning a half interest) the Cleveland & Toledo Line operating between Cleveland and Put-in-Bay, Ohio. The Pere Marquette liners have an agreement with the Pere Marquette Rail-

road Co., effective from April 1, 1908, for a period of five years and thereafter so long as the two parties may agree, whereby the railroad company grants the use of its docks and warehouse property at Milwaukee and Ludington to the steamship line, "it being understood that the Pere Marquette's boats shall have preference at said docks at all times." The steamship company agrees to maintain a stipulated service and to accept at Milwaukee all freight offered by shippers or by connecting railroads or boat lines, consigned to points on or reached via the Pere Marquette Lines; but shall not, "accept for shipment via the Pere Marquette any carload lots of grain or grain products, except for local points in Michigan, unless first requested to do so by the Pere Marquette Railroad." The steamship company furthermore agrees to "operate exclusively in connection with the Pere Marquette in respect to all freight destined on or reached via the Pere Marquette lines and agrees that it will not deliver to any other railroad company any freight which can be handled by the Pere Marquette." Similarly, the Pere Marquette Railroad shall deliver to the steamship line all westbound freight destined via Ludington to Milwaukee or points beyond, except such freight as the Pere Marquette shall desire to handle by its own car ferries.

An examination of the routes of trade served by the nonrailroad lines, as indicated in the table, also shows that a considerable number have their particular routes entirely to themselves. Thus 5 of the 17 lines reported to the Committee that they encounter no competition from other water carriers, and 2 additional lines reported that while no other water carriers compete with them as regards the ports served directly, they do encounter considerable territorial competition from carriers serving other ports. A comparison of the rates charged by all the Lake lines, both railroad-owned and otherwise, was also made from the current printed or typewritten port-to-port rates furnished by the carriers to the committee with a view to comparing the rates charged by different lines serving the same ports. This comparison was made for 147 routes (i. e., a route between two cities) with the following results: As regards 102 routes only 1 water line served the trade; in 21 cases 2 or more lines operated on the same route and used the same rates; in 3 cases, 2 or more lines operated over the same route and had common rates on certain classes of freight and dissimilar rates on others; in 6 cases the 2 or more lines

operating on the route charged different rates; while in 15 cases where 2 or more lines served the same ports the current rates charged were not furnished to the Committee.

Consolidations Among Bulk Carriers on the Great Lakes.

Tendency toward improved type of steamers, improved loading and unloading facilities, and lower rates in the bulk traffic.—The situation as outlined for the movement of package freight does not apply in the case of bulk products such as grain, iron ore and coal, except that in the case of grain the rail carriers, as already pointed out, do exercise a large measure of control over the rates of water transportation by reason of their control of the terminal facilities and the connecting rail transportation beyond the Lakes. In the main this bulk freight is handled by so-called independent tramp steamers whose port-to-port rates are fixed without reference to rail transportation. As a result conditions in this field have shown a tendency decidedly favorable to the utilization of America's leading waterway as a chief means of transportation; in fact the entire development in the bulk traffic has been the exact opposite of the tendencies noted in connection with the movement of package freight by railroad-owned boat lines. This class of freight traffic has had the advantage not only of an improved type of steamer of large carrying capacity, but improved machinery has been installed at both ends of the trip for the expeditious handling of iron ore and coal at a cost of only a few cents a ton (Vol. 2, p. 844), thus greatly reducing the cost of loading and unloading and saving the boats much time.

This lower cost of operation has been reflected in a marked decline in the scale of Lake rates on bulk commodities during the past 20 years. Thus, according to the Monthly Summary of Commerce and Finance, the contract rate on iron ore from Escanaba to Ohio ports has declined from an average of \$1 per ton in 1889 to 45 cents in 1911; and from Ashland and other ports at the head of the Lakes from \$1.25 to 60 cents. Fluctuations in rates have also shown a very noticeable decrease in the later years. The wheat rate from Chicago to Buffalo, according to the same authority, has declined during the same period from an average of 2.51 to 1.08 cents per bushel; while the rate from Duluth to Buffalo has declined from a minimum of 2 cents and a maximum of 8 cents to an average of 1.17 cents. Average coal rates from Ohio ports to Duluth have declined

from 43 cents a ton in 1892 to 32 cents in 1911. From the reports made to the Committee by nearly all the bulk carriers, it appears that in 1912 practically all companies charged the same rates, and that the prevailing rate on iron ore from the head of the Lakes to Erie ports was 50 cents; from Marquette to Erie 45 cents, and from Escanaba to Erie 35 cents; while the rate on coal from the lower Lakes to Lake Superior and Lake Michigan was reported by practically all the companies as 30 cents. Despite these favorable rates, the dividends of bulk freight carrying companies for the past five years, as reported to the Committee by the companies, would indicate that their business is a profitable one.

Tendency toward consolidations among bulk carriers.—Despite the favorable tendencies noted in the preceding section, it should be stated that there has been a marked tendency during recent years toward consolidations among bulk carriers transporting ore and grain eastbound, and coal westbound on the Lakes. The 8 largest of these consolidations deserve special mention, and the essential facts with reference to each, as reported to the Committee by the managements of the companies involved are herewith presented:¹

(1) *Pittsburg Steamship Co.*—This company, a subsidiary of the United States Steel Corporation, and by far the largest shipping consolidation on the Great Lakes, represents a combination of fleets formerly operated by the Bessemer Steamship Co., the Minnesota Steamship Co., the Pittsburg Steamship Co. (old), and the American Steamship Co. The company also bought vessels from the Mutual Transportation Co., the Menominee Transit Co., the Lake Superior Iron Co., the Ashtabula Steamship Co., the Weston Transit Co., and C. W. Elphicke, and also has an interest as creditor in the preferred stock, bonds and mortgage notes of the Detour Dock Co., Boutell Steel Barge Co., Port Huron & Duluth Steamship Co., and the Great Lakes Engineering Works. Its capital stock of \$7,880,000 is owned by the Carnegie Steel Co. (a subsidiary of the United States Steel Corporation) and the United States Steel Corporation in the

¹ The facts offered in this chapter are those presented to the Committee by the managements of the companies involved in their replies to the Schedule of Inquiries directed to them by the Committee in August, 1912. The answers to the inquiries were received during the last three months of 1912 and the first few months of 1913. Various changes have no doubt occurred since the receipt of the replies, and it should therefore be noted that the following pages consider only the facts as they existed at the time the returns were received.

respective amounts of \$7,658,300 and \$221,700. The United States Steel Corporation also owns \$8,500,000 of the company's notes out of a total of \$11,958,000 of notes and bonds outstanding. Its fleet of 103 vessels (with a gross tonnage of 465,786) represents over 17.6 per cent of the total gross tonnage of American vessels on the Great Lakes, exclusive of the line tonnage, and is engaged almost exclusively in the transportation of ore and coal, having carried ore during 1911 to the extent of 14,320,930 gross tons (or nearly 45 per cent of the total ore carried), and coal to the extent of 1,636,845 net tons.

(2) *Gilchrist Transportation Co.*—This company was incorporated in 1897, and is reported to have absorbed in 1903 the Merida Steamship Co., Globe Steamship Co., Steel Steamship Co., Lake Shore Transit Co., Tyrone Transit Co., Vega Transit Co., Lorain Steamship Co., and the Inland Star Transit Co. In its replies to the Committee's Schedule, the company reports the ownership and operation of 44 vessels with a gross tonnage of 154,630, or over 5.8 per cent of the total gross tonnage of American vessels on the Great Lakes, exclusive of the line tonnage. The company is the second largest ore carrier on the Lakes, but also transports considerable quantities of coal, grain, stone and pig iron. In January, 1910, the company was placed in the hands of a receiver, and according to the press, in the latter part of April, 1913, and subsequent to the filing of the Company's replies to the Committee, a new merger was formed when the stockholders of the Lackawanna Steamship Co. met and organized the Interlake Steamship Co. According to the press accounts, 39 freighters owned by the Mesaba Steamship Co., Lackawanna Steamship Co., Huron Barge Co., Provident Steamship Co., Acme Steamship Co., and the Standard Steamship Co., were combined with 17 vessels of the Gilchrist Co., whose vessels were sold and the company dissolved. The Interlake, Mesaba, Lackawanna, and Huron Barge companies are under the management of Pickands, Mather & Co., one of the 8 consolidations here referred to; while the Provident Steamship Co. is managed by the Pittsburgh Steamship Co.

(3) *G. A. Tomlinson* is manager of the Duluth, Globe, Inter-Ocean, Mutual, Superior, Zenith, and Peavey Steamship Cos., with a combined total of 23 vessels of 125,228 gross tons, or 4.7 per cent of the gross American tonnage on the Great Lakes, exclusive of the

line tonnage. The official personnel of all the companies is practically the same, and the Duluth and Superior Steamship Cos. own the stock of the Mutual Steamship Co.

(4) *H. S. Wilkinson* is manager of the Great Lakes Steamship Co. and the Globe Navigation Co., together operating 27 vessels of 113,273 gross tons, or nearly 4.3 per cent of the gross tonnage of American vessels on the Great Lakes, exclusive of the line tonnage. The two companies have practically the same personnel as regards officers. The Great Lakes Steamship Co., following its incorporation in 1911, purchased the properties of the American Transit Co., L. C. Smith Transit Co., Standard Transportation Co., United States Transportation Co., and the Wilkinson Transportation Co.

(5) *M. A. Hanna & Co.*—This company, according to the reports received from the several companies constituting the group, manages the Calumet Transportation Co., Cambria Steamship Co., Eastern Steamship Co., Franklin Transportation Co., La Belle Steamship Co., Mahoning Steamship Co., Republic Transportation Co., Virginia Steamship Co., and the Republic Iron Co. The official personnel of these companies, and their directors and leading stockholders, are practically the same, and are closely identified with *M. A. Hanna & Co.* The stock of the Cambria Co. is owned jointly by the Carnegie Steel Co., the Cambria Steel Co., and the Republic Iron & Steel Co., and the stock of the Mahoning Co. is owned by the Cambria Steel Co. All the companies combined represent a total of 23 vessels with a gross tonnage of 103,608, or nearly 3.9 per cent of the total gross tonnage for American vessels on the Great Lakes, exclusive of the line tonnage.

(6) *Hutchinson & Co.* are managers of the Calumet Transit, Keller Transit, Ohio, Pioneer, Superior, Tonopah, Lakewood, and Inland Steamship Cos., representing a total of 18 vessels with a gross tonnage of 102,440, or over 3.8 per cent of the total American Great Lakes tonnage, after eliminating the line tonnage. The official personnel of these companies is practically the same.

(7) *John Mitchell* is manager of the Buffalo Steamship Co. and the Cleveland Steamship Co., with a combined total of 18 vessels of 85,813 gross tons, or over 3.2 per cent of the aforementioned total.

(8) *Pickands, Mather & Co.* are managers of the Huron Barge Co. and the Interlake, Mesaba, Lackawanna, and Ashtabula

Steamship Cos., with a total of 18 vessels of 83,090 gross tons, or over 3.1 per cent of the aforementioned total.

(9) Numerous other instances of common managements, and in nearly all cases closely interrelated to the 8 above-mentioned groups, might be cited as illustrative of the movement toward consolidation among bulk carriers. Among other principal consolidations may be mentioned W. H. Becker, manager of the Columbia, Interstate, and Valley Steamship Cos., with a combined total of 11 vessels of 63,503 gross tons; A. T. Kinney, manager of the Croxton, Kinney, Tecumseh, Acme, and Standard Steamship Cos., with a total of 11 vessels of 62,824 gross tons; Boland & Cornelius, managers of the American, Frontier, Lake, Pennsylvania, Rochester, Wyoming, Yale Transit, and York Transit Cos., with a total of 14 vessels of 60,482 gross tons; and the Cleveland Cliffs Iron Co., manager of the Grand Island and Hopkins Steamship Cos., and the Presque Isle Transportation Co. with a combined total of 13 vessels of 56,203 tons. In each of these groups of companies the official personnel was found to be practically the same.

Mention should also be made of the Great Lakes Towing Co. which, although not engaged in the carrying of bulk freight, represents the leading towing interests at nearly all the principal Lake ports where ore and coal are shipped or received. Its officials and directors show a representation of most of the leading Lake interests. Its dominant position in the towing business has been stated by one leading authority in the following words: "As a result largely of methods used in wiping out competition this combination has been enabled to take advantage of conditions giving it dictatorial power. The Great Lakes Towing Co. controls exclusively the towing of all the Lake Erie ports of any importance and also that of Chicago, South Chicago, Gary, Duluth and the Soo. It is easy to see what this means to the ore and coal trade, which plays such a vital part in the water transportation of the Great Lakes region. Forming a link between the railroad terminals and the ore, grain, coal, and lumber carrying vessels, the importance of the combination is such that it affects practically the entire shipping interest on the Great Lakes." In June, 1910, the Federal Government filed a petition in equity in the Circuit Court of the United States at Cleveland against this company, the Pittsburg Steamship Co., and others, it being alleged, among other

things, that the Great Lakes Towing Co. constituted a combination in restraint of trade and that the Pittsburg Steamship Co. and the personnel of its management “acquired substantially a majority of the stock of the Great Lakes Towing Co., thereby in effect having control of both, and acting in concert and together with a common purpose and as parts of an unlawful combination.” Without presenting in detail the findings of the court, it may be stated that the suit resulted in the company and its affiliated towing concerns being declared to “constitute a combination in restraint of trade and commerce between the several states of the United States and between the United States and Canada, in violation of the Act of July 2, 1890, known as the Sherman Act.”

EIGHT LEADING CONSOLIDATIONS OF BULK CARRIERS ON THE GREAT LAKES.

<i>Name.</i>	<i>Number of vessels.</i>	<i>Total gross tonnage represented.</i>	<i>Proportion of tonnage to total American Great Lakes ton- nage (exclusive of line tonnage).</i>
Pittsburg Steamship Co.....	103	465, 786	Over 16.6 per cent.
Gilchrist Transportation Co.....	44	154, 630	Over 5.8 per cent.
G. A. Tomlinson, manager.....	23	125, 228	Over 4.7 per cent.
H. S. Wilkinson, manager.....	27	113, 273	Nearly 4.3 per cent.
M. A. Hanna & Co., managers.....	23	103, 608	Nearly 3.9 per cent.
Hutchinson & Co., managers.....	18	102, 440	Over 3.8 per cent
John Mitchell, manager.....	18	85, 813	Over 3.2 per cent
Pickands, Mather & Co., managers.....	18	83, 090	Over 3.1 per cent.
Total.....	274	1, 233, 868	Nearly 46 per cent.

Affiliations among the leading consolidations of bulk carriers and between such consolidations and other groups of bulk carriers.—An examination of (1) the personnel of the managements and leading stockholding interests of the various constituent companies forming the several consolidations, and (2) the charter relations between the several groups, would seem to indicate that the leading consolidations of bulk carriers are themselves closely interrelated. As already stated, a large number of vessels of the Gilchrist Transportation Co., upon the dissolution of the company, were acquired by companies under the management of Pickands, Mather & Co. Moreover, the Chairman of the Board of Directors of the Great Lakes Towing Co. acted as one of the joint receivers of the Gilchrist Co.

A detailed examination of the names of officers, directors and leading stockholders of the various companies constituting the consolidations (as indicated in detail in the chart accompanying this chapter) shows so many cases of interlocking interests among the several groups as to justify the conclusion that the eight largest consolidations of bulk carriers on the Great Lakes represent a community of interest. It should also be noted that the Pittsburg Steamship Co., by far the leading bulk carrier, has extensive charter relations with the other seven groups. During the seasons of 1911 and 1912 this company had wild charters with the other groups for the carriage of over 3,000,000 tons of ore; while during 1912 vessels with a total of 53,000 gross tons were also leased under contract from these groups.

PITTSBURG STEAMSHIP CO.'S CHARTER RELATIONS WITH THE
FOLLOWING GROUPS.

[As reported to the Committee in answer to its inquiries.]

<i>Charter relations with—</i>	<i>Wild charters during the sea- sons of 1911 and 1912 (tons of ore carried).</i>	<i>Gross tonnage of vessels leased under contract during 1912.</i>
Receivers of Gilchrist Transportation Co.....	220, 276	10, 000
Pickands, Mather & Co.....	537, 056	7, 500
G. A. Tomlinson, manager.....	739, 351	13, 000
H. S. Wilkinson, manager.....	825, 034	12, 000
John Mitchell, manager.....	486, 398	7, 500
C. L. Hutchinson & Co., managers.....	247, 995	3, 000
M. A. Hanna & Co.....	58, 735	.....
Total.....	3, 114, 845	53, 000

The above-mentioned 8 groups of bulk carriers, themselves closely affiliated, are in turn closely interrelated with a large number of other companies, firms and managements representing bulk carriers engaged in the ore, coal and grain carrying business. With a view to ascertaining the relations that exist between the various companies and firms operating bulk carriers on the Great Lakes, the Committee directed a Schedule of Inquiries to each, calling for a sworn statement of the officers and directors, the 10 largest stockholders, the names of all corporations, firms or individual carriers acquired in any way since organization, the ownership of securities in other navigation companies, the names of all corporations and firms

owning securities of the company, all charter and traffic arrangements with other companies, etc. (For a copy of the inquiries directed to the carriers see p. 10 of this volume.) While a considerable number of the managements declined altogether to furnish the information, or answered the same imperfectly, the Committee succeeded in obtaining full information from 85 per cent of the total number, and those failing to answer were, in almost every case, comparatively unimportant carriers.

A summary of the intercorporate and other relations existing between various groups of carriers, as revealed by the answers received in reply to the Committee's Schedule of Inquiries, are represented on the accompanying chart. Before summarizing the results of these answers, a few words of explanation may be necessary to a proper understanding of the information presented. The chart has been so arranged as to represent 37 distinct groups of carriers (each group relating to a distinct ownership of vessels by a company, firm or individual, or representing a combination of companies by common ownership or management), these 37 groups comprising 105 companies, firms or managements, operating 453 vessels. Each group has been assigned a separate panel in the chart, which for the sake of convenience we will call a "group panel," and within each panel there is a statement of (1) the total gross tonnage of the vessels comprising the group, (2) the names of the various companies (each being underlined) belonging to the group because of a common ownership or management, and (3) an enumeration of the facts which tend to show an interrelation between the group as a whole, or any of the companies or firms forming the same, and another group or any of its constituent companies or firms. The facts referred to, as showing the interrelationship between the several groups, pertain to the existence, between any two or more groups, of common officers, directors, stockholders (selected in every instance from among the 10 largest stockholders), members of firms, and managers, as well as charter and other agreements. Any of the above relationships between any two groups are separately stated in the "group panels" of each of the groups concerned and are connected by a line, the black lines representing connections through common officers, directors, stockholders or managers, and the red lines referring to affiliations by charter or other agreements. (For

an explanation of the designations used see "explanatory remarks" on the lower right-hand corner of the chart.)

A detailed examination of the aforementioned chart will show the interrelations between the 8 leading groups of bulk carriers, already discussed, and the 29 other groups of lesser importance, to be so numerous and intimate as to warrant the conclusion that the entire list of 37 groups, comprising 105 companies, firms and managements, represents a vast community of interest, which, if found necessary, could easily be dominated by the leading interests therein as regards rates and business policy. This conclusion seems especially warranted when it is borne in mind that the Pittsburgh Steamship Co. alone represents a gross tonnage equal to over 23 per cent of the entire tonnage accredited to all of the 37 groups; and that the 8 leading groups, including the Pittsburg Steamship Co. and all closely affiliated, represent an aggregate of 1,233,868 gross tons, or over 63 per cent of the grand total for the 37 groups. Mr. Julius H. Barnes, Chairman of the Traffic Commission of the Duluth Chamber of Commerce, testified before the Committee (vol. 2, pp. 853-854) that while "there is a place for the independent boat to live on the Lakes" he had no doubt whatever "that the big ore and coal shippers could obliterate the independent carrier on the Lakes if they showed that disposition," but that in his opinion the big carriers have never shown that disposition but instead have always fixed a rate which would allow an independent boat to live because the portion of the total traffic controlled by the independents "is so relatively small as to have been of no particular interest to them." He further amplified his statement by explaining that "The coal rate is fixed absolutely by coal companies, and the ore rate by the ore companies" but that the grain rates are open, in view of the large number of individual shippers. He also confirmed his belief in the oft-repeated assertion that the United States Steel Corporation (and its affiliated companies) dictates the rate on ore because it is by far the biggest shipper and could simply state what it would pay to independent carriers. In fact, the general opinion of those familiar with conditions existing in the transportation of ore and coal is to the effect that the United States Steel Corporation has ascertained what constitutes a fair return on the money invested in the large ore boats and that they have pursued a policy of dealing fairly with outside

vessel owners, generally establishing a rate which will allow them to make a good profit on their investment. The impression is general that outside coal and ore vessel owners are at the mercy of the United States Steel Corporation, partly because no other concerns have sufficient tonnage to keep their vessels occupied, and also because there is nothing to prevent the Pittsburgh Steamship Co., controlled by the United States Steel Corporation, and by far the dominant carrier, from lowering its ore rates, since the steel corporation can make its profit in the manufacturing of steel products. It is because of the knowledge of these facts that the liberal attitude of the United States Steel Corporation in its dealings toward outside carriers has been generally commended by so-called independent operators. Moreover, the United States Steel Corporation can exert influence upon outside operators of bulk carriers because of the large extent to which it favors them with charters for the carrying of its ore. Thus, according to its answers to the Committee's Schedule of Inquiries, the Pittsburgh Steamship Co. reports wild charters made during the seasons of 1911 and 1912, respectively, to the extent of 3,244,978 and 1,754,704 tons of ore carried. These wild charters were made with 28 owners or agents in 1911, and 32 in 1912, and nearly all of them belonged to the 37 groups of owners or agents indicated on the chart already referred to. In addition to these wild charters the Pittsburgh Steamship Co. also leased vessels under contract, during 1912, to the extent of 75,000 tons from 17 of the 37 groups.

The community of interest between the various bulk carriers is especially significant when viewed from the standpoint of the proportion that the tonnage of the 37 groups, as indicated on the chart, bears to the total tonnage on the Great Lakes. A compilation of the data furnished by the 1913 issue of the Great Lakes Register shows the total tonnage on the Great Lakes for 1912 to have been 2,939,933 gross tons. Of this total the 144 vessels of the 27 steamship lines operating on the Lakes comprise 299,668 gross tons, leaving a total of 2,640,265 gross tons for all other vessels. Of this last total (i. e. the total tonnage, exclusive of line tonnage) the 453 vessels of the 105 companies and firms, constituting the 37 groups of bulk carriers with which the chart deals, represent 2,001,529 gross tons, or over three-fourths (75.7 per cent) of the total tonnage after eliminating the steamship lines. Much of the 2,640,265 tons, however, consists of

vessels which do not engage in the grain, ore and coal business, such as ferries, tugs, wrecking boats, fire-department boats, dredging boats, gravel boats, fishing craft, and carriers which engage strictly in the lumber, oil and passenger business. Exclusive of the 625 American bulk carriers on the Lakes of 1,000 tons and over, and the 144 line vessels, the 1913 issue of the Great Lakes Register reports 1,103 boats with an aggregate gross tonnage of 300,502 tons. If this last amount, together with the 299,668 gross tons of the line vessels, be deducted from the total tonnage of 2,939,933, it appears that the 37 groups of bulk carriers control 85.5 per cent of the total Great Lakes tonnage, exclusive of the 144 line vessels and all other vessels under 1,000 tons. Moreover, viewed from the standpoint of the size of the vessels, the predominating importance of the aforementioned 37 groups of bulk carriers becomes still more apparent as indicated by the following table. These 37 groups represent over 69 per cent of the Lake vessels with a gross tonnage of 1,000 or over; over 81 per cent of all vessels whose tonnage exceeds 2,000; over 94 per cent of those exceeding 3,000; over 96 per cent of those exceeding 4,000, 5,000, and 6,000 tons, respectively; and all of the vessels with a tonnage of 7,000 tons or over.

OWNERSHIP OF BULK CARRIERS WITH A TONNAGE OF 1,000 OR OVER.

<i>Tonnage.</i>	<i>Total number of vessels.</i>	<i>Number of vessels owned or controlled by the 37 groups.</i>	<i>Total tonnage of all the vessels.</i>	<i>Tonnage of vessels owned or controlled by the 37 groups.</i>
1,000 tons or over....	625	432 (69.1%)	2,339,763	1,939,988 (82.9%)
2,000 tons or over....	473	384 (81.1%)	2,111,289	1,862,339 (82.2%)
3,000 tons or over....	341	321 (94.1%)	1,802,613	1,712,517 (95.0%)
4,000 tons or over....	275	265 (96.3%)	1,569,658	1,512,162 (96.3%)
5,000 tons or over....	166	161 (96.3%)	1,067,462	1,053,005 (96.7%)
6,000 tons or over....	125	120 (96.0%)	843,239	817,474 (96.2%)
7,000 tons or over....	32	32 (100.0%)	238,926	238,926 (100.0%)

CHAPTER XII.

STEAMSHIP COMPANY AFFILIATIONS ON THE PACIFIC COAST.

The Pacific Coast Trade Proper.

Important independent steamship lines make a more prominent showing in the Pacific Coast trade than in any other division of our coastwise or inland commerce, and, aside from the companies engaged in the Alaskan and Hawaiian trades, no important consolidations of water carriers seem to exist. Unlike the situation in the Atlantic and Great Lakes trade, the railroads control only two important lines (excluding from consideration mere bay or river lines), viz, the Pacific Mail Steamship Co. and the San Francisco & Portland Steamship Co. The remaining important lines engaging in the Pacific coast trade proper, judging from their answers to the Committee's Schedule of Inquiries, are not railroad-owned, this number including three from San Francisco to Seattle, three to Portland, and four to San Pedro (Los Angeles) and San Diego.

Enumeration and description of the lines.—Stated in tabular form, the eight important Pacific coast lines, and the leading ports between which they operate, are shown on page 348.

An examination of the table shows that two of the eight leading Pacific coast lines—American-Hawaiian Steamship Co. and Alaska Pacific Steamship Co.—connect only San Francisco with ports to the north; that three—Independent Steamship Co., Pacific Navigation Co., and Pacific Mail Steamship Co.—connect only San Francisco with southern California ports; and that three—North Pacific Steamship Co., San Francisco & Portland Steamship Co., and Pacific Coast Steamship Co.—conduct a through service from southern ports of California via San Francisco to northern coast ports and return, the first two to Portland and Astoria and the last to Seattle. A fourth through service exists, the Alaska Pacific Steamship Co. (operating between San Francisco and Seat-

PACIFIC COAST LINES AND THE PORTS THEY SERVE.

Between—	Los Angeles (San Pedro) and San Diego.	San Francisco.	Portland and Astoria.	Seattle.
Los Angeles (San Pedro) and San Diego, and.	.....	Independent Steamship Co. (1 steamer of 666 gross tons). North Pacific Steamship Co. Pacific Coast Steamship Co. (14 steamers of 32,681 gross tons). Pacific Mail Steamship Co. (9 steamers of 27,354 gross tons in the California-Panama service). Pacific Navigation Co. (2 steamers of 7,462 gross tons). San Francisco & Portland Steamship Co. (4 steamers of 16,161 gross tons).	North Pacific Steamship Co. San Francisco & Portland Steamship Co.	Pacific Coast Steamship Co.
San Francisco, and	Independent Steamship Co.. North Pacific Steamship Co.. Pacific Coast Steamship Co.. Pacific Mail Steamship Co.. Pacific Navigation Co.. San Francisco & Portland Steamship Co.. North Pacific Steamship Co.. San Francisco & Portland Steamship Co.	American-Hawaiian Steamship Co. (21 steamers of 136,753 gross tons, including all services). North Pacific Steamship Co. San Francisco & Portland Steamship Co. Alaska Pacific Steamship Co. (4 steamers of 7,305 gross tons). American-Hawaiian Steamship Co. Pacific Coast Steamship Co.	American-Hawaiian Steamship Co. North Pacific Steamship Co. San Francisco & Portland Steamship Co.	Alaska Pacific Steamship Co. American-Hawaiian Steamship Co. Pacific Coast Steamship Co.
Portland and Astoria, and..				
Seattle, and	Pacific Coast Steamship Co..			

tle) having entered into a traffic agreement with the Pacific Navigation Co. (operating between ports of southern California and San Francisco) whereby each company routes its traffic via the other.

Relations between the lines, and between the lines and railroads, explained.—With the exception of the Alaska Pacific Steamship Co. and the Pacific Navigation Co., which as already stated have an agreement for the routing of traffic via each other's steamers, none of the aforementioned lines, according to the answers to the Committee's Schedule of Inquiries, is a party to any agreements or understandings with any of the other lines or a member of any associations, exchanges, or conferences which have in view the division of traffic or the fixing and maintenance of rates. The port-to-port rates charged by the lines appear in nearly all cases to be less than the all-rail rates, but the difference (ranging from 6 to 10 cents per 100 pounds below the rail rates), according to the reports of the lines, is not a constant differential but varies at all times. Some of the lines (the Pacific Coast Steamship Co., Alaska Pacific Steamship Co., San Francisco & Portland Steamship Co., Independent Steamship Co., and North Pacific Steamship Co.) have through traffic arrangements with certain connecting railroad companies upon an agreed basis of divisions;¹ and all except the last line report that no railroads have refused to prorate with them. The North Pacific Steamship Co. states that: "the Harriman lines out of Portland have refused to prorate with the line; no reasons are given but as they own a line operating out of Portland covering the same territory as we do the reason is obvious." The Pacific Naviga-

¹ The Pacific Coast Steamship Co. has a division of through rates with the Great Northern Ry., Northern Pacific Ry., Chicago, Milwaukee & Puget Sound Ry., Canadian Pacific Ry., Western Pacific Ry., Pacific Coast Ry., Southern Pacific Ry., and various other transportation lines.

The Alaska Pacific Steamship Co. interchanges traffic with the Great Northern Ry., Northern Pacific Ry., and the Chicago, Milwaukee & Puget Sound Ry., receiving a proportion of the through rates named by these railway companies.

The North Pacific Steamship Co. has contracts with the Spokane, Portland & Seattle Ry. for the exchange of traffic at Portland, and with the Pacific Coast Ry. for the exchange of freight at San Luis, Cal.

The San Francisco and Portland Steamship Co. has through traffic arrangements with the Oregon-Washington Railroad & Navigation Co. and its connections, and the Northern Pacific Ry. Co., providing for the interchange of freight between San Francisco and interior northwestern points upon an agreed basis of divisions.

The Independent Steamship Co. has arrangements with the San Pedro, Los Angeles & Salt Lake R. R. Co. and the Las Vegas & Tonopah R. R. Co. on through business to and from San Francisco and Nevada points.

tion Co. reports that: "the Southern Pacific, Santa Fe and Western Pacific & Salt Lake Railroads have refused to put us in a position to participate in eastern passenger business, round trip or otherwise. Through their influence our application for membership in the Transcontinental Passenger Association has been denied." The Pacific Navigation Co. has a contract with the San Pedro, Los Angeles & Salt Lake R. R. Co. whereby the railroad agrees to furnish certain wharves, the steamship company in turn agreeing to confine its sailings exclusively from and to said wharves, "except if and when prevented by law from so doing." It may be added that all of the capital stock and notes of the San Francisco & Portland Steamship Co. are owned by the Oregon-Washington Railroad & Navigation Co. which, in turn, is owned by the Oregon Short Line R. R. Co. (in turn controlled by the Union Pacific Railway System). The San Francisco & Portland Steamship Co. also advised the Committee that it is "affiliated with the Pacific Mail Steamship Co. (having some officials jointly), but that it has no agreement or understanding with either the Pacific Mail or the Oregon-Washington Railroad & Navigation Co. with respect to the division of traffic or the maintenance of rates."

A comparison of the printed or typewritten tariffs of port-to-port rates, as furnished by the several lines to the Committee, shows that they are alike; but there is ample evidence to warrant the conclusion that the lines cut rates frequently to meet competitive conditions. All of the lines refer to the severe competition in the trade, both from regular lines and from the more or less regular sailings of the Charles Nelson Co. and the Olson & Mahony Steamship Line. These latter companies operate between San Francisco and Puget Sound, their competition, however, being only northbound, since they operate their vessels for merchandise northbound and their own lumber cargo southbound. With a view to ballasting their vessels northbound so as to make time, these carriers will not hesitate to secure freight at any rate necessary. In respect to the competitive conditions prevailing in the trade, the following extracts from the replies to the Committee's Schedule of Inquiries will serve to indicate the extent to which the lines cut their regular rates:

The Alaska Pacific Steamship Co. reports; "In submitting our rates on local traffic we call your attention to the fact that this company, being in competition with other local lines and tramp steamers, is on various occasions

called upon to meet competitive rates. This is done from time to time and such rates are protected through billing instructions issued to our agents by the traffic department of this company. We are not attaching copies of these special quotations in view of the fact that they fluctuate and are on various occasions quoted for the movement of the one shipment only."

The North Pacific Steamship Co. reports: "Our rates are not published and change almost from day to day to meet competition and conditions. . . . We can not answer the question as to whether our rates include all charges for marine insurance, dockage, wharfage, etc., because conditions change so frequently and on one trip of a steamer various shipments take various rates and conditions according to the agreements entered into with the shipper."

The San Francisco & Portland Steamship Co. reports: "Our rates are in nearly all cases less than the all-rail rate. On commodities moving in small quantities the differential is generally 6 cents per hundred pounds, but on freight moving in large quantities the differential will range greater, but is not fixed as our rates are made without consideration of the rail rates. . . . No changes have occurred during the last five years, except as they have occurred automatically by reason of the lowering or raising of our rates with respect to conditions of ocean competition."

The Trade between Puget Sound and Alaska.

Enumeration of trade routes and steamship lines operating on each.

All the regular lines connecting the American Pacific coast proper with Alaska operate from Seattle or Tacoma, all Alaskan freight destined to, or arriving from, ports farther south being trans-shipped at these points. This trade between Puget Sound and Alaskan ports is divided into four distinct routes, viz:

1. The Nome Route (the most northerly one and sometimes called the Kotzebue Bay, or Bering Sea Route), comprising the ports of St. Michael, Golovin, Bluff, Solomon, Nome, Teller, Deering, Kee-walik, and Kotzebue. All these ports are served by at least two and sometimes by all of the following lines: The Alaska Steamship Co., Western Alaska Steamship Co., and Pacific Coast Steamship Co. In answer to the Committee's request "for all port-to-port class and commodity rates now charged," all the above-mentioned lines furnished tariffs, the rates of which, as regards the traffic between Seattle and Tacoma and the above-mentioned ports, were identical for all the lines with the exception of the rate on ore southbound.

2. The Southwestern Alaska Route, comprising among the leading ports Yakutat, Kayak, Katalla, Cordova, Valdez, Seward, Seldovia, Port Graham, Iliamna and Kodiak. These ports are

served by only two regular lines, namely, the Alaska Coast Co. and the Alaska Steamship Co. A comparison of the current rates between Puget Sound and these ports and vice versa, as furnished to the Committee by the lines, shows them to be identical for about half of the ports. With reference to the remaining ports on this route the rates charged by the two lines are the same as regards about one-half of the commodities.

3. The Southeastern Alaska Route, comprising the ports of Ketchikan, Wrangel, Petersburg, Douglass, Juneau, Haines, Skagway and Seward. These ports are served by the following regular lines: The Alaska Steamship Co., the Pacific Coast Steamship Co., the Humboldt Steamship Co., and the Northland Steamship Co. Only the first three of these lines furnished the current rates charged in the traffic to and from Seattle and Tacoma. The tariffs furnished show that the Alaska Steamship Co. and the Pacific Coast Steamship Co. charge the same rates, but that the Humboldt Co. is apparently an independent line, since its rates, as furnished to the Committee, differ from the published rates of the other lines.

4. The Yukon River Route, comprising many small towns on the Yukon River and its tributaries. Two main lines—the Northern Navigation Co. and the Merchants' Yukon Line—operate on this route, both stopping at the same places. The local rates of both companies are the same. Freight coming from Seattle and Tacoma to Yukon River points is brought to the mouth of the Yukon by either the Alaska Steamship Co. or the Pacific Coast Steamship Co. (whose through rates to Yukon River points are the same), and from there is carried by the Northern Navigation Co. or the Merchants' Yukon Line, both of which quote the same rates on traffic exchanged with the aforementioned two lines on through business to and from Seattle and Tacoma.

Steamship Consolidations in the Alaskan Trade.—With the exception of the Alaska Coast Co., the Northland Steamship Co., and the Humboldt Steamship Co. (the last two companies operating only one steamer each, of 697 and 1,075 gross tons respectively, on the Southeastern route), all of the above-mentioned lines operating to and from Seattle and Tacoma seem to be affiliated through stock ownership or traffic agreements. In the first place, \$1,499,100 of the \$1,500,000 of the capital stock of the Pacific Coast Steamship Co. is owned by the Pacific Coast Co., the latter company owning 14

steamers of 34,683 gross tons and the former operating them. The Pacific Coast Co. (with outstanding common stock of \$7,000,000, first and second preferred stock of \$1,525,000, and first-mortgage bonds of \$5,000,000) controls through stock ownership numerous companies besides the Pacific Coast Steamship Co. Among the companies thus controlled should be mentioned the Juneau Steamship Co., whose entire capital stock is held half and half by the Pacific Coast Co. and the Alaska Steamship Co., and the Ketchikan Wharf Co., whose entire stock is also owned in equal shares by the same two companies. Two-thirds of the capital stock of the Western Alaska Steamship Co. (which owns no vessels but charters them from various parties, including the Alaska Steamship Co. and the Pacific Coast Steamship Co.) is also owned by the Alaska Steamship Co. and the Pacific Coast Steamship Co., each owning one-third of the \$25,000 of capital stock outstanding.

The Alaska Steamship Co. (with \$3,000,000 of common stock outstanding, and representing a consolidation of the Alaska Steamship Co. and the Northwestern Steamship Co., Ltd.) owns and operates 13 steamers of 28,319 gross tons, and, aside from the company's interest in the Juneau Steamship Co. and the Ketchikan Wharf Co. (acquired in 1908), owns all of the stock of the Union Wharf Co. (owner of a wharf at Juneau). The Pacific Coast Steamship Co. reported to the Committee that it "has at times had arrangements or understandings with the Alaska Steamship Co. as to sailing dates between Puget Sound and Alaska with a view to avoiding sailings of different boats on the same date, but has now no such arrangements." The Alaska Steamship Co. reported that it now "has no agreements or understanding with any other navigation companies, except that a practice exists of exchanging traffic with the Juneau Steamship Co. at Juneau, when such traffic is to or from points reached by that company and not by our own vessels." All the other companies engaging in the Alaskan trade denied the existence of any agreements or understandings with other navigation companies; yet the foregoing facts clearly indicate that the three lines operating on the Nome or Bering Sea Route—the Alaska Steamship, Western Alaska Steamship, and Pacific Coast Steamship Cos.—are closely interrelated through stock ownership.

The aforementioned carriers also have, or recently have had, traffic agreements with the two dominant carriers on the Yukon

River Route, viz, the Northern Navigation Co. (operating 34 steamers and 45 barges with a total of 32,619 gross tons) and the Merchants' Yukon Line (operating 10 steamers and 23 barges with a total gross tonnage of 14,644). Both of these companies, as already stated, quote the same rates on through business between Puget Sound and Yukon River points exchanged with the Alaska Steamship and Pacific Coast Steamship Cos. at the mouth of the Yukon. The Alaska Steamship Co. states in its answers to the Committee's Schedule of Inquiries that it has an arrangement with the Northern Navigation Co. for through routing and a division of through rates on traffic destined to points on the Yukon River in Alaska, this arrangement, however, to expire on December 31, 1912. On the other hand, the Western Alaska Steamship Co. (two-thirds of whose stock is owned in equal portions by the Alaska and Pacific Coast Steamship Cos.) reports that it has a traffic arrangement for the interchange of freight at St. Michael with the Merchants' Yukon Line, the arrangement being based on a percentage division of through freight rates quoted in a joint through tariff. The Northern Navigation Co., it may be added, represented at the time of organization a consolidation of the Alaska Commercial Co., the Alaska Exploration Co., the Empire Transportation Co., and the Seattle-Yukon Transportation Co.; and following its organization absorbed the Alaska-Yukon Transportation Co. and the firm of Thebo & Oachon. All of its capital stock of \$2,125,900 is owned by the Alaska Commercial Co., the Alaska Gold Fields, Ltd., the International Mercantile Marine Co., and the Northern Commercial Co. Four of the directors and important officers of the Northern Navigation Co. are also directors and officers of the Alaska Packers' Association, a private carrier operating 31 steamers, schooners and other vessels (with a total of 41,750 gross tons) between San Francisco and Puget Sound ports and the Alaska canneries of the Association.

Not only have the aforementioned companies entered into traffic arrangements with the two dominant Yukon River lines connecting at St. Michael, but according to the latest advices received by the Committee, the Alaska Steamship and Pacific Coast Steamship Cos., together with the Canadian Pacific Railway Co. and the Pacific & Arctic Railway & Navigation Co., also control the so-called White Pass & Yukon Route via Skagway. This route comprises the steamship service from Puget Sound and Vancouver to Skagway (at

which port the entire wharfage facilities are said to be owned by the North Pacific Wharf & Trading Co.), thence by railroad¹ to the headwaters of the Yukon River, and thence by boat down the Yukon to Dawson and other points. According to the report of the Interstate Commerce Commission² the one steamer of the Humboldt Steamship Co. was operated during 1902 and 1903 in conjunction with the Alaska Steamship Co., under an arrangement whereby the Alaska and Pacific Coast Cos. collected freight money and sold tickets for the Humboldt Co. upon a commission basis. Upon the termination of this arrangement, early in 1909, the White Pass & Yukon Route et al. cancelled their through routes and joint rates with the Humboldt Co. As the Humboldt Steamship Co. reported to the Committee, under date of October 10, 1912, "we have a verbal arrangement with the White Pass & Yukon Route for through billing of freight and through ticketing of passengers beyond Skagway, Alaska, but there are no joint rates, the through rates being the sum of the locals."

The situation in this respect, until very recently at least, is fully set forth in the case of *United States v. Pacific & Arctic Railway & Navigation Co., Pacific Coast Steamship Co., Alaska Steamship Co., and the Canadian Pacific Railroad Co.*,³ decided April 7, 1913. From the facts outlined in this case it appears that by mutual agreement among the Alaska Steamship and Pacific Coast Steamship Cos., the wharves company, and the "railway company" through routes and joint rates were established, thus making one continuous line of common carriers for freight and passengers between the United States and northern Alaskan ports. By agreement, however, the railway company "refused to make any through route or joint rates with the Humboldt Co., or with any of the independent steamship lines, and refused to bill freight or passengers from the United States to Yukon River points or reversely, except by ships belonging to one of the defendant lines." By the same arrangement the rail-

¹ The White Pass & Yukon Route is the trade name applied to the route composed of the Pacific & Arctic Railway & Navigation Co., British Columbia Yukon Railway Co., British-Yukon Railway Co., and the British-Yukon Navigation Co. (Ltd.), all appearing to be operated under a common control or arrangement for through carriage. These various companies are designated hereafter, both in the text and in the cases to be referred to, as the "railway company."

² *Humboldt Steamship Co. v. White Pass & Yukon Route et al.* Opinion No. 1347, decided June 6, 1910.

³ 228, U. S., 87 and following.

way company fixed local rates between Skagway and the Yukon River which were very much higher than the railroad's prorata share of the through rates; while the wharves company charged \$2 a ton for freight if shipped on a vessel not owned by one of the defendant companies, but only \$1 to those who had entered into or were about to enter into a contract to have all shipments carried by the defendant lines. As a result of this agreement, it is stated in the case:

Shippers were compelled to use only the ships of the defendant companies, as in that way alone could lower through rates be obtained. Competition in water transportation was destroyed between the defendant steamship companies and the independent lines, defendants obtaining a monopoly of the transportation business between the United States and Alaska, and the Humboldt Steamship Co. was discriminated against in the matter of through rates.

The only possibility of competition is in the water part of this route. The entire transportation is controlled, and the means of control is an agreement between the defendants to throw all the trade into the hands of the defendants' steamship companies, by the railroad company establishing through rates and joint rates with them and refusing to do so with the Humboldt Co. or any of the independent companies.

The wharves company gave its assent by its wharfage charges and all evasion was prevented by so fixing the local rates that their combination was greater than the through rate agreed upon. It is manifest that the scheme was effective and cut out the Humboldt line and the independent lines as factors in the routes of transportation between the United States and the Yukon River points.

In conclusion, reference should be made to the Alaska Coast Co., which operates four vessels (with a total of 5,497 gross tons) on the Southeastern and Southwestern Alaska routes. Sixty-four per cent of this company's capital stock is owned by the Pacific Alaska Navigation Co., which is merely a holding and not an operating company. Both companies have reported to the Committee that they are not parties to any agreements or understandings with any other rail or water line. The Alaska Coast Co. also reported that it "has no through routing arrangement or joint tariffs with any other carrier, water or rail, and all traffic delivered to or received from any other carrier is handled on a strictly local basis." A comparison of its current rates to and from Seattle and Tacoma with those of the Alaska Steamship and Pacific Coast Steamship Cos. shows them to be the same for a considerable number of the Alaska ports, while for the remaining ports the rates are different in about one-half of the articles enumerated.

The Trade Between the Atlantic and Pacific Seaboards of the United States.¹

Enumeration of routes and steamship services.—Three water routes connect the Atlantic and Pacific Seaboards of the United States, viz,

(1) *The all-water route* for sailing vessels via Cape Horn, and for steamers via the Straits of Magellan. Although largely used at one time, this route is comparatively unimportant to-day, especially since 1907, when the American-Hawaiian Steamship Co. began to operate via the Isthmus of Tehuantepec. Since that date nearly all the shipping via the all-water route has been confined to chartered steamers and sailing vessels which transport such bulky cargoes as can be carried economically on so long a voyage.

(2) *The Tehuantepec Route.*—All traffic via this route is carried both on the Atlantic and Pacific sides by the American-Hawaiian Steamship Co. The route used by the company extends from New York (this being the only Atlantic port regularly handling any through domestic traffic via this route) to Puerto Mexico, thence across the Isthmus of Tehuantepec by the Tehuantepec National Railway Co. to Salina Cruz, and thence to Pacific Coast and Hawaiian ports. Toward the close of 1912 the company operated 21 steamers of 136,753 gross tons. The company has \$5,000,000 of common stock outstanding, of which the Tehuantepec National Railway Co. (owned by the Mexican Government) owns \$1,177,000. The company also has a traffic arrangement with the Tehuantepec National Railway Co. by which it agrees to operate via the Isthmus of Tehuantepec, the railway company to receive one-third of the net freight. If the net earnings of the American-Hawaiian Co. via this route are not equal to the per ton earnings realized when it carried cargo via the Straits of Magellan route, the railway company is to contribute toward such deficiency to the extent of a reduction of from one-third to one-fourth of the net freight earnings. With the exception of this arrangement (which is subject to cancellation upon the opening of the Panama Canal), the company reported to the Committee that it is not at present a party to any agreements, understandings or working ar-

¹ For an exhaustive treatment of this subject as regards the volume and nature of the traffic handled, and a comparison of rates charged by rail and water carriers, see Prof. Emory R. Johnson's Report on "The Relation of the Panama Canal to the Traffic and Rates of American Railroads," published as Chapter IV of his Report on "Panama Canal Traffic and Tolls," 1912.

rangements with any other land or water carriers, and that it is not the owner of any securities of any other transportation companies.

(3) *The Panama Route*.—This route comprises one Atlantic service from New York to Colon via the Panama Railroad Steamship Line to Colon and across the Isthmus by the Panama Railroad Co. (controlled by the United States Government), and until recently, two Pacific Coast services, viz, the Pacific Mail Steamship Co. and the California-Atlantic Steamship Co.¹ The Pacific Mail Steamship Co. operates three services (consisting of nine steamers with a total of 27,354 gross tons) between San Francisco and Balboa, the steamers calling en route at the port of San Pedro, the Mexican ports of Mazatlan, San Blas, Manzanillo, Acapulco and Salina Cruz, and numerous west coast Central American ports; while the vessels (4 leased steamers of 13,030 gross tons) of the California-Atlantic Steamship Co. operated from San Francisco directly to Balboa and stopped at San Pedro on the return voyage. Of the \$20,000,000 of the Pacific Mail Co.'s capital stock the Southern Pacific Co. owns \$10,010,000, or a slight majority.

(4) *The so-called "Sunset-Gulf Route"* consisting of the combined rail and water lines of the Southern Pacific Co. The Southern Pacific is the only railroad controlling a through route between the Atlantic and Pacific seaboards, since the Morgan Line (controlled by the Southern Pacific) operates steamers between New Orleans and Galveston—the Gulf termini of the Southern Pacific—and New York, thus enabling the railroad company to compete not only with the other transcontinental railroads but with the several intercoastal water routes.

*Volume of Intercoastal Traffic via the several routes.*²—Exclusive of the American-Hawaiian Line's heavy sugar traffic and the freight handled by the Sunset-Gulf Route, the freight movement between Atlantic and Pacific ports of the United States, both eastbound and westbound, increased from 469,027 tons in 1906 to 808,135 tons in 1911 or 72.3 per cent, and the total traffic during the same period, including Hawaiian sugar, from 560,727 to 1,104,735 tons, or 97 per cent. It has been estimated that of the total westbound

¹ This company became bankrupt and was dissolved during the past year.

² For a detailed table of the eastbound and westbound movement of freight via the several intercoastal water lines, see Prof. Emory R. Johnson's Report on "The Relation of the Panama Canal to the Traffic and Rates of American Railroads," published as Chapter IV of his Report on "Panama Canal Traffic and Tolls," 1912, pp. 50-51.

tonnage from Pacific to Atlantic Coast ports of the United States, both rail and water, about 90 per cent moves by rail and about 10 per cent by the water routes, and that of the eastbound tonnage the railroads carry about 90 to 95 per cent and the water carriers about 5 to 10 per cent. For the year 1911 the total volume of intercoastal water traffic, both eastbound and westbound, was divided among the several lines or routes as follows:¹ Panama Railroad Steamship Line from New York to Colon and return, 172,499 tons; Pacific Mail Steamship Co., 76,972 tons; California-Atlantic Steamship Line's Pacific service, 134,545 tons; American-Hawaiian Line, 458,300 tons; and the Cape Horn and Magellan route, 157,608 tons. During the six years from 1906 to 1911 inclusive, "the traffic handled by the regular lines more than trebled, while that carried by individual vessels decreased more than 50 per cent. In 1911 82.8 per cent of the entire traffic, other than Hawaiian sugar, was carried by the regular lines, whereas in 1906 only 42.1 per cent was shipped by the established steamship lines."²

The foregoing figures indicate a rapid growth of traffic via the Tehuantepec route, which represents a shorter and better route for intercoastal traffic than is afforded by way of Panama. Aside from the competition of the American-Hawaiian Line, however, the relative decline in importance of the Panama route is also due (1) to the limitations necessarily placed upon the volume of commercial freight handled by the Panama Railroad Co. owing to the construction of the Canal, first by the French company between 1882 and 1889, and again from 1904 to date; and (2) the competitive methods adopted by the transcontinental railroads. The nature of the artificial restraints which the transcontinental railroads have exercised over the movement of traffic via the Panama route have been repeatedly set forth in government reports and congressional hearings,³ and therefore need only be briefly referred to. The situation is well summarized

¹ See Prof. Johnson's Report, pp. 50-51.

² See Prof. Johnson's Report, p. 53.

³ The relations between the Panama Railroad Co., the Pacific Mail Steamship Co. and the transcontinental railroads are fully set forth in the report of Joseph L. Bristow to the Secretary of War (S. Doc. No. 429, 59th Cong., 1st sess.); the hearings before the Senate Committee on Interoceanic Canals on Senate Bill 428, parts 1, 2, and 3, 1910; the Hearings before the Senate Committee on Interoceanic Canals (62d Cong., 2d sess.), on H. R. 21969, 1912; and the Panama Canal Hearings before the House Committee on Interstate and Foreign Commerce (62d Cong., 2d sess.), 1912.

in the following extracts selected from the reports prepared by Prof. Emory R. Johnson and the Bureau of Corporations:

"The transcontinental railroads, until recently, have maintained a relentless competitive warfare against the Panama route. The through rail rates between the Atlantic and Pacific seaboards are lower than the rates for shorter hauls to and from the intermediate points in the Rocky Mountain territory; and, until the Government regulation of railroads became effective the railroad companies quoted shippers such rates as were necessary to keep traffic from taking the Panama route. Moreover, the transcontinental railroads were able to restrict the use of the Panama route through their close relations with the Pacific Mail Steamship Co., which has, for most of the time, been the only regular line between the west-coast ports of the United States and Panama. For a period of 20 years, ending in 1893, the railroads, through the Transcontinental Association, paid the Pacific Mail Steamship Co. a fixed monthly sum, or rental, for the freight space available in its steamers, and thus completely controlled the Pacific Mail as a competitor. From 1900 to the present, the Southern Pacific Co. has owned a majority of the stock of the Pacific Mail Steamship Co."¹

"The period from 1870 to 1877 was taken up with a struggle for supremacy between the Panama and transcontinental route. Some time prior to 1878 a contract was entered into between the Pacific Mail and the Transcontinental Railway Pool, whereby the latter practically controlled the rates of the former. This period extended from 1878 to 1893. The Transcontinental Railway Pool paid the Pacific Mail \$90,000—later reduced to \$75,000—a month for space representing 1,200 tons per month in each direction on the Pacific Mail's vessels. The Pacific Mail in turn contracted in 1878 to pay the Panama Railroad \$75,000 a month—later reduced to \$55,000—for the exclusive privilege of billing through freight between New York and San Francisco over the Panama Railroad. These contracts were canceled in 1893. The Pacific Mail permanently withdrew its Atlantic line in that year and the Panama Railroad put on its own fleet, which is still being operated.

"Although the Southern Pacific Co did not acquire a controlling interest in the stock of the Pacific Mail until 1900, there had been a community of interests through identical stockholders since some time before 1893. The Panama Railroad twice put fleets on the Pacific side, twice lost money thereby, and twice again entered into exclusive contracts with the Pacific Mail. The second contract was still in force when the United States Government acquired the Panama Railroad in 1904. The contract was abrogated by the Government in 1905. From 1905 to 1910 the Panama Railroad and the Pacific Mail operated in connection with each other under a working agreement. Since 1910 the Panama Railroad has had two domestic Pacific connections, the Pacific Mail Steamship Co. and the California-Atlantic Steamship Co."²

¹ Prof. Emory R. Johnson's Report on "The relation of the Panama Canal to the Traffic and Rates of American Railroads," 1912, p. 51.

² Report of the Commissioner of Corporations on "Control of Water Carriers by Railroads and by Shipping Consolidations," Dec. 23, 1912, pp. 47-48.

It may be added that the Sunset-Gulf route, immediately upon its establishment in 1883, also waged a determined fight against its rail and water competitors. As explained by Prof. Johnson in this connection:

"The transcontinental railroads, other than the Southern Pacific, ran from the Mississippi and Missouri Rivers to the Pacific coast and were primarily interested in the development of traffic between the Middle West and the Pacific coast. The rates by the Sunset-Gulf route from New York to San Francisco were made the same as the rates by the transcontinental lines from St. Louis and Missouri River crossings to the Pacific. Gradually the rates by the through all-rail lines from the Atlantic to the Pacific were made the same as the rates from Chicago, St. Louis, and Missouri River crossings to the Pacific seaboard. This system of blanket rates was worked out by 1896, and has since prevailed on west-bound traffic. The establishment of the same rates by the Sunset-Gulf route and by the all-rail lines between the two seaboards allied the Sunset-Gulf route with the all-rail lines as common competitors against the water routes around South America and via the Isthmuses of Panama and Tehuantepec. The control of the Pacific Mail Steamship Co. by the transcontinental railroads since 1874, and the ownership of the Pacific Mail by the Southern Pacific from 1890 to the present, enabled the transcontinental railroads, as has been explained, to keep the traffic by the water routes within small proportions, until a few years ago, when the American-Hawaiian Steamship Co., and later the California-Atlantic, developed a relatively large tonnage coastwise via the Tehuantepec and Panama routes. This development of the coastwise business during the last few years has not been seriously opposed by the railroads, doubtless because of the rapid development of the rail tonnage consequent upon the industrial progress of the Intermountain and Pacific Coast States."¹

*Influence of Intercoastal water carriers upon transcontinental rates.*²—All authorities are agreed that the intercoastal steamship lines have exerted a marked influence upon the rates of the transcontinental railroads. While the rates over the Sunset route (which, as already indicated, is allied with the all-rail lines) are the same as the all-rail charges, the rates on the two Isthmian routes are from 20 to 60 per cent below the transcontinental railway tariffs. No fixed differential, however, exists, the water rates on the various commodities being sufficiently below the rail charges to obtain a suf-

¹ Prof. Johnson's Report on "Panama Canal Traffic and Tolls," 1912, p. 52.

² For a detailed explanation of this subject see Prof. Emory R. Johnson's Report, "The Relation of the Panama Canal to the Traffic and Rates of American Railroads," published as Chapter IV of his Report on "Panama Canal Traffic and Tolls," 1912, which furnishes detailed tables of the rates charged by the railroads and water carriers, both eastbound and westbound, pp. 58-72.

ficient volume of desirable freight. But while the coast-to-coast steamship lines have undoubtedly influenced transcontinental rail rates, these lines, in turn, are to-day making their rates with reference to the rail tariffs. "The competition of the water routes with the rail lines," as reported by Prof. Johnson, "and the recurring rate wars have, in the past, forced the transcontinental railroads to adopt the system of rate making now in force; but during recent years rate wars have been avoided; the transcontinental railroads have not been under pressure to fight against the water lines for traffic; the tonnage moving by rail has been large and has rapidly increased; and the policy of the railroads has been to maintain, and where practicable, to raise the established levels of rail tariffs."¹ The President of the American-Hawaiian Line frankly admitted in his testimony before the Senate Committee on Inter-oceanic Canals that his line followed more or less the rates determined by the transcontinental railroads, and stated: "We are friendly with them (the railroad managers). We discuss rates. I don't know of any other business in the world where competitors don't get together and talk matters over. We are not tied up; we are not committed. We do as we please, absolutely untrammelled. * * * Our traffic manager doesn't attend the conference of the railroads, but he goes to Chicago and gets his ear pretty close to the ground. That's his business."²

A comparison of the rates of the Panama line with those of the American-Hawaiian Line shows that with reference to about one-third of the articles enumerated the rates via the two Isthmian routes are the same, but that in many instances the Panama rates slightly exceed the Tehuantepec rates and vice versa. Thus, upon comparison of the rates on the first 60 articles mentioned in the voluminous rate schedules submitted by the lines to the Committee, the following results are found: In 23 instances the rates via the Tehuantepec and Panama routes are the same; in 25 instances the rates are nearly alike, the difference being 5 cents or less per hundred pounds, and in all except five of these cases the American-Hawaiian Line's rates are less than the Panama rates; and in 12 instances the difference exceeds 5 cents (usually 10 cents), the Panama rates in all cases being the larger. But in making such a comparison account should be taken of the difference in the services

¹ Prof. Emory R. Johnson's Report, p. 73.

² Senate Hearings on Bill 3428, Feb. 10, 1910, p. 90.

rendered by the lines operating on the two routes, the rates of the American-Hawaiian Line applying only to and from coast terminals, while "the Panama line absorbs railroad rates from interior points to the extent of 20 cents per hundred pounds on westbound shipments, and the entire railroad rates to certain interior points in California,"¹ thus making this line's rates the lowest on shipments to and from the interior.

Traffic arrangements between the Intercoastal Lines.—Chiefly with a view to keeping rates on a remunerative basis and protecting its connecting carriers, the Panama Railroad Co. had, at the time of the Committee's hearings, a traffic arrangement with the Pacific Mail and California-Atlantic Lines for the exchange of freight, whereby rates were divided in the proportion of 40 per cent. to the Panama Railroad Co. and 60 per cent. to the Pacific carriers. According to the explanation of Mr. R. R. Rogers, General Counsel of the Panama Railroad Co., his company's circular provided that if the through rate was less than the minimum rate it would, nevertheless, deduct 40 per cent. of the minimum rate, so that the two connecting lines would have to absorb the difference. He further testified that: "We (Panama Railroad Co.) had in view that, by affording free terminals and coal, if one line endeavors to drive the other out of existence we could protect the line that was not at fault. The theory back of this arrangement, so far as the Panama Railroad Co. was concerned, was to preserve this competition from Balboa to the Pacific Coast. We realized that if either one of these lines were to go out that we would be again placed, with reference to our coastwise business, wholly at the mercy of the other line."² The correspondence submitted to the Committee shows that the Pacific Mail Steamship Co. regularly advised the Panama Railroad Co. whenever they had agreed with the California-Atlantic Co. to put into effect certain changes in rates from San Francisco to New York.

But while the Pacific Mail and California-Atlantic Lines observed the same rates by virtue of an arrangement, Mr. E. D. Douglass, Treasurer of the American-Hawaiian Line, reported to the Com-

¹ Prof. Emory R. Johnson's Report, p. 70.

² See page 478 of the testimony of R. R. Rogers before the Senate Committee on Inter-oceanic Canals, 62d Cong., 2d sess., on H. R. 21969, May 20, 1912. For a full statement of the arrangement between the Panama Railroad Co. and its connecting carriers—the Pacific Mail and California-Atlantic Steamship Cos.—see the above reference, pp. 475 and following.

mittee that his line is not a party directly or indirectly to any agreements or understandings with either the Panama Railroad Co. or its two connecting carriers. Mr. R. P. Schwerin, Vice President and General Manager of the Pacific Mail Steamship Co., however, when testifying before the Committee, stated that the American-Hawaiian Line was maintaining rates with the other lines, and offered the following explanation: "The Pacific Mail is working under an agreement for the maintenance of rates with the Government, the Government having put rates into effect and held that the two carriers on the Pacific—the California-Atlantic and the Pacific Mail Steamship Cos.—must maintain those rates east and west bound under threat of cancellation of the through-billing privilege. They also wanted us to enter into an arrangement with the American-Hawaiian Steamship Line, by which the American-Hawaiian Line would maintain the same rates by way of Tehuantepec as were maintained by way of Panama, and we declined to do it on the ground that it was contrary to the Sherman Anti-Trust law; so that the American-Hawaiian Line was practically told that if they undertook to cut rates the Government would put their own line on the Pacific and would put the Treasury of the Government behind it to make the American-Hawaiian Line maintain rates." (Vol. 2, p. 878.) To the question: "In other words, the American-Hawaiian Co. now maintains rates with your company and with the Government line?" Mr. R. P. Schwerin answered affirmatively, and stated that such maintenance of rates was at the instance of the Government. (Vol. 2, p. 879.) It should be stated that a similar charge was brought before the Senate Committee on Interoceanic canals, and that in answer to the same Mr. R. R. Rogers replied to the effect that all the officials of the Panama Railroad Co. were anxious to avoid violating the Interstate Commerce Act and that, while it was doubtful whether the Panama Railroad Co. came under the Interstate Commerce Act, he had, as general counsel of the company, always advised the officials that they should comply with the law.¹ The Panama Railroad Co., he further testified, was anxious to protect the California-Atlantic Line, as long as it observed the aforementioned traffic arrangement, against the competition of the American-Hawaiian Line, but advised the line that no agree-

¹ Hearings before the Senate Committee on Interoceanic Canals on H. R. 21969, May 20, 1912, p. 480.

ment could be effected with the American-Hawaiian Co. with regard to rates. The position taken by the Panama Railroad Co. with the American-Hawaiian people in this respect was outlined by him in the following words:

"We said that, as a matter of equity and justice, their (American-Hawaiian Line's) rates ought to be higher than ours, just as the rates on the all-rail route from San Francisco to New York ought to be higher than theirs. I said: 'There is a natural differential in favor of the Panama route; but the matter must rest entirely with you. We are going to put into effect on a certain date a certain tariff of rates, and you will have to guide your conduct by what you consider just and right. So far as we are concerned, we simply are trying to protect our connections and keep them in business.' That applied to the Pacific Mail Steamship Co. and the California-Atlantic line. I said, further, that: 'The Panama Railroad Co. is in the situation, so far as they are concerned, to handle the business at less than cost, if anybody makes it necessary, and, rather than see our people driven out of business and sacrificed in any way, we propose to stand by them and protect them, even if we have to cut our rates to do it.' That is all that ever transpired, so far as the American-Hawaiian line is concerned. They never made any declaration as to rates, and as a matter of fact, they never did establish rates which we considered fair and just. The rates they subsequently put into effect were rates which gave them some advantage over the Panama route, but, on account of certain advantages via the Isthmus, we managed to get along."¹

The Hawaiian Trade.

Enumeration of lines operating to and from the United States.—Four regular lines connect Hawaiian ports with those of the United States, three—the Pacific Mail Steamship Co., the Matson Navigation Co., and the Oceanic Steamship Co.—operating only to and from San Francisco, and one—the American-Hawaiian Steamship Co.—extending its service to New York. Unlike the first three lines, the American-Hawaiian Co. has no service between San Francisco and Hawaii in either direction, its steamers destined for Hawaiian ports carrying westbound cargo northward to Puget Sound and, after loading additional cargo, proceeding to Honolulu. Cargo from New York, westbound, destined for Hawaii, is taken at Salina Cruz—the Pacific terminus of the Tehuantepec National Railway Co.—in the ships which sail for Hawaiian ports from Puget Sound. The return voyage from Hawaii to New York, however, is direct

¹ Hearings before the Senate Committee on Inter-Oceanic Canals on H. R. 21969, May 20, 1912, p. 481.

via Salina Cruz, since the exports of the Islands are of such a nature—mostly sugar and pineapples—as to make unnecessary a return voyage to Puget Sound. In other words, the line has certain steamers which proceed to Hawaii from Puget Sound and from there back to Salina Cruz, while its steamers engaged in the Pacific coastwise trade go north to Portland and return via San Francisco to Salina Cruz. Although the published maps showing the routes of the company indicate a service between San Francisco and Honolulu, the company has reported, by way of explanation, that it has, as a matter of precaution, a reserve steamer on the Pacific which is chartered to the Matson Navigation Co., and is run by that company between San Francisco and the Hawaiian Islands. It occasionally happens that if one of the American-Hawaiian Line's Pacific steamers destined to Hawaii via Puget Sound gets behind schedule, the steamer chartered to the Matson Line is dispatched from San Francisco to Honolulu with the New York freight, but under these circumstances there is no time to secure or load freight for Honolulu in opposition to the regular lines in that business, viz, the Matson Navigation, Pacific Mail Steamship, and Oceanic Steamship Cos.

Of the three lines operating to and from San Francisco, the Matson Navigation Co. confines its operations to the Hawaiian trade, the Pacific Mail makes Honolulu a port of call in its service to and from the Orient, and the Oceanic Steamship Co. conducts two services, one a local service from San Francisco to Honolulu and return, and the other from San Francisco via Honolulu and Tutuila to Sydney, Australia. Mr. R. P. Schwerin testified (Vol. 2, p. 924) that the Pacific Mail handles only a very small volume of the traffic to and from Hawaii and that the Matson Navigation Co. is the dominant carrier in the trade. This company (operating six steamers of 29,311 gross tons, besides some sailing vessels and barges) has common stock outstanding of \$1,773,600. Besides being the dominant carrier in the traffic to and from San Francisco, it is also the principal owner of boats engaged in towing at the several Hawaiian ports. The Oceanic Steamship Co. (operating three steamers of 18,551 gross tons) has outstanding \$2,635,300 of common stock and \$3,007,070 of bonds and notes, and is controlled by the Spreckles interests.

The Inter-Island Trade of Hawaii.—This trade is carried almost exclusively by the Inter-Island Steam Navigation Co. (Ltd.), which is a successor to the firm of Thos. R. Foster & Co. (the original founders of the company), and which, in 1905, acquired the Wilder Steamship Co. The latter company was organized in 1883 with a capital of \$500,000, and although to some extent a competitor of the Inter-Island Steam Navigation Co., it seems that the two companies effected a territorial division of the trade. In the meantime, the directors of the Inter-Island Co. individually purchased the shares of the Wilder Steamship Co. until they had 3,019 of the 5,000 shares outstanding. These were offered to the stockholders of the Inter-Island Co. at actual cost and in proportion to the number of shares held by them. Subsequently, an increase in the capital stock of the Inter-Island Co. was authorized and the entire holdings of the Wilder Steamship Co. were purchased with \$750,000 of this authorized increase.¹ This acquisition of the Wilder Steamship Co. gave the Inter-Island Co. practically a monopoly of the inter-island traffic, and left it virtually unaffected by the few small schooners operating in the trade. Toward the close of 1912 the company operated 17 steamers (of 10,896 gross tons) on 9 routes between the islands. The company owns stock and bonds in numerous Hawaiian corporations, including a controlling interest in Alexander and Baldwin (Ltd.), which is said to operate steamers at one or two Hawaiian ports.

Relations between the lines operating in the Hawaiian trade.—All the lines operating between San Francisco and Hawaii filed printed tariffs with the Committee, and a comparison of these tariffs shows that the rates as published are the same for all the lines both eastbound and westbound. According to the returns to the Committee's Schedule of Inquiries, the Matson Line (the dominant carrier in the trade between San Francisco and Hawaii) and the Inter-Island Steam Navigation Co. (the dominant carrier in the inter-island trade) are closely affiliated. The Inter-Island Co. reported that it has a traffic arrangement with the Matson Co. for the carrying of freight arriving from San Francisco to the various Hawaiian ports, which arrangement stipulates that the vessels shall

¹ The method of acquiring the Wilder Steamship Co. was reported by the Inter-Island Co. in its answers to the Committee's Schedule of Inquiries.

operate over certain designated routes and that the charges shall be as per the regular schedule. Moreover, Alexander & Baldwin (Ltd.) (controlled by the Inter-Island Co.) owns \$200,000 of the stock of the Matson Co., and August Drier (Ltd.) and Chas. M. Cooke (Ltd.) are also stockholders in both companies for considerable amounts. It may be added that Mr. A. B. Spreckels, Vice-President, Treasurer and Director of the Oceanic Steamship Co. is one of the 10 largest individual stockholders in the Matson Navigation Co., and that Mr. W. D. K. Gibson, a director of the Oceanic Steamship Co., is also a director and one of the 10 largest individual stockholders in the Matson Co.

CHAPTER XIII.

STEAMSHIP COMPANY AFFILIATIONS ON THE ATLANTIC AND GULF COASTS.

The Predominant Importance of Lines Controlled by Railroads and Shipping Consolidations.

On this leading water highway of American commerce practically all the large regular steamship lines are either controlled by railroads or are subsidiaries of one of two large shipping consolidations—the Eastern Steamship Corporation and the Atlantic, Gulf & West Indies Steamship Lines. Exclusive of some very small and purely local lines, 28 lines, representing 235 steamers with a total of 549,821 gross tons, handle practically all of the traffic along the entire Atlantic and Gulf coasts.¹ Of the 235 steamers and 549,821 gross tons referred to, the lines controlled by the railroads represent 54.5 per cent and 61.9 per cent, respectively; the lines of the Eastern Steamship Corporation, 11.3 per cent and 10 per cent; and the lines of the Atlantic, Gulf & West Indies Steamship Lines, 18.2 per cent and 22 per cent. In other words, the steamers of the railroad-controlled lines combined with those of the Eastern Steamship Corporation and the Atlantic, Gulf & West Indies Steamship Lines number 199, or 84.7 per cent of the above-mentioned total for the 28 lines, and represent 516,055 gross tons, or 93.9 per cent of the foregoing total gross tonnage.

Not only do the railroads and the two shipping consolidations dominate over nine-tenths of the tonnage, but it is significant that very few of the principal routes on our entire Atlantic and Gulf coasts are served by more than one regular steamship line. Although the details in this connection will be presented later, the more important illustrations may be enumerated here. Thus, with the

¹ Of the totals mentioned the lines controlled by the railroads represent 128 steamers of 340,084 gross tons; the lines of the Eastern Steamship Corporation, 29 steamers of 54,771 gross tons; and the coastwise lines of the Atlantic, Gulf & West Indies Steamship Lines, 42 steamers of 121,200 gross tons.

exception of Portland, Boston has but one direct service to any leading Atlantic coast port, and all of the lines connecting it with other coastwise ports are either under railroad control or are subsidiaries of the two shipping consolidations. Practically the same is true of New York, there being only one regular water carrier operating directly between this important center and the following ports: Portland, Boston, Philadelphia, Baltimore, Norfolk, Wilmington, Charleston, Savannah, Jacksonville, and New Orleans. Galveston is the only important Gulf port which has two services from New York—the Mallory and Morgan lines—but these, as will be shown later, work in absolute harmony. “The importance of New York as a center of the domestic traffic,” reports the Commissioner of Corporations, “is indicated by the fact that it has steamship lines to all of the other 22 leading Atlantic and Gulf ports. On the other hand, the importance of control by railroads and shipping consolidations is indicated by the fact that lines thus controlled reach 19 of these ports, while independent lines reach only 6. Of 26 steamship services connecting New York with other important ports (except Albany and Isthmian ports), 11 are subsidiaries of shipping consolidations and 10 are controlled by railroads.”¹ The report of the Commissioner of Corporations contains a full tabulation of the routes between the 23 leading Atlantic and Gulf ports, and further states that:

In the case of Philadelphia but 12 ports in the list are reached, and but 1 of these is served by more than one line. Of the 12 services connecting Philadelphia with other ports 5 are subsidiaries of a shipping consolidation and 4 are controlled by a railroad.

Of the 10 steamship services connecting Baltimore with other important ports 7 are controlled by railroads, these serving 5 of the ports listed. Independent lines reach 3 of these ports; in all, Baltimore has steamship services to 8 of the 22 ports listed. It is worth pointing out that neither of the principal shipping consolidations has a service to Baltimore.

Norfolk has 1 steamship line each to Boston, New York, and Philadelphia, and 3 to Baltimore. All of these are controlled by railroads except that to Philadelphia, and that is controlled by a shipping consolidation. * * * Galveston has no direct steamship connection with Boston, Philadelphia, or Baltimore. (Report on Control of Water Carriers by Railroads and by Shipping Consolidations, Dec. 23, 1912, pp. 14–15.)

¹ Report of the Commissioner of Corporations, Part IV, on “Control of Water Carriers by Railroads and by Shipping Consolidations,” Dec. 23, 1912, p. 14.

In explaining this apparent absence of port-to-port competition, Mr. H. H. Raymond, vice president and general manager of the Clyde & Mallory Steamship Cos., testified (vol. 2, pp. 1155-1158) that the tonnage from the Atlantic coast ports proper must be supplemented by tonnage from the interior since not a single port on the Atlantic coast would, with the business originating at the port, maintain even temporarily the services now conducted by the established lines. The volume of traffic moving from and via the ports of Boston, Providence, New York, Philadelphia, and Baltimore to and through the south Atlantic ports, he contended, is being transported promptly and at reasonable rates by the existing lines, "no less than 43 vessels leaving northern ports each week for South Atlantic and Gulf ports with an aggregate capacity for freight and passenger traffic much in excess of the present requirements." He further emphasized the point that the established lines in the Atlantic coastwise trade must necessarily be separate and distinct as regards their particular ports, not because port-to-port competition is avoided by mutual agreement (there being no such agreements according to his statement), but because of the desire to avoid the inevitable financial loss which would result if the several established lines should break into each other's spheres of trade, especially when the existing lines have reached a position of strength in their respective trades and when the volume of traffic on each route is such as to leave no room for an additional line. To quote his testimony:

My companies, as well as the other old companies now engaged in the coastwise traffic, are, and most generally have been, separate and distinct. This is not because of any mutual understandings to avoid port-to-port competition, for none exists. The early operations of any steamship enterprise between two given ports are generally attended with financial losses before a successful line is established. These losses would be prolonged, if not perpetuated, if two lines attempted to operate where there is only room for one and not always that. Experienced steamship officers would no more think of having their companies enter a port adequately served by other companies than a railroad would consider paralleling a competitor's tracks through a relatively barren country. It should not be assumed, however, that because two companies do not serve the same ports they do not compete with one another for the greater percentage of traffic they handle; for as a matter of fact, in addition to the all-rail competition, all steamship companies are aggressively soliciting and continually improving their service to obtain business for common territory reached by each through different ports or gateways. * * *

Should offerings of tonnage available for water carriage increase, the present companies would increase their service to meet the demands. Should others inaugurate a steamship service between the ports served by our companies, there could only be one of two results: If the same rates which we operate were maintained and a service equal to ours was operated, there would be a division of the business, with the result and effect that we would either have to decrease our service or sustain losses; or if the rates which are operated and which are reasonable were cut by such competitors, we would be compelled to meet such reductions or discontinue our service.

In either event it would mean a loss to our companies, and while considering the matter of diversified lines as between certain ports and the effect such additional service would have upon the revenues of the present companies, the shipper and consignee are to be considered, not only in so far as service is concerned, but in so far as their actual financial status is concerned. Rates, regardless of what they may be, must be stable and the same for one and all. Rate wars, contrary to the idea that seemingly prevails with many people, do not always redound to the benefit of the shipper and consignee, but on the contrary mean bankruptcy to many, especially to the smaller shippers. (Vol. 2, pp. 1155-1156.)

The New England Coastwise Trade.

Nearly two-thirds (63.9 per cent) of the gross tonnage of all regular coastwise lines operating to and from New England ports belongs to the New York, New Haven & Hartford Railroad Co. and the Eastern Steamship Corporation groups of lines. If we exclude the Merchants & Miners Transportation Co., the Clyde Steamship Co., and the Ocean Steamship Co., which connect New England ports with ports south of New York, these two consolidations represent 77 per cent of the steamers and over 88 per cent of the gross tonnage of the lines engaged in the strictly New England coastwise trade, including the port of New York. Moreover, two of the principal ports of New England—Boston and Portland—are connected with New York exclusively by the lines of the Eastern Steamship Corporation, while the New York, New Haven & Hartford Railroad Co.'s water lines largely control the traffic on Long Island Sound, competition being limited to a few comparatively small independent lines. It is also noteworthy that Boston is connected by only one steamship line with any port on the Atlantic coast with the exception of Portland, Me., where there are two lines; but one of these lines—the Maine Coast Co.—is so small as to afford little real competition with the much more costly steamers of the Eastern Steamship Corporation.

Navigation companies controlled by the New York, New Haven & Hartford Railroad Co.—The diagram on the following page outlines in detail the various navigation companies and marine interests controlled by the New York, New Haven & Hartford Railroad Co. With only two exceptions—the Maine Central Railroad Co.'s steamers and the coal fleet of the New York, Ontario & Western Railway Co.—all the marine interests of the New York, New Haven & Hartford Railroad Co. are controlled through the New England Navigation Co. (a holding company), all of whose capital stock of \$53,000,000 is owned by the New York, New Haven & Hartford Railroad Co. Until July 1, 1912, the New England Navigation Co. was both a holding and operating company for nearly all of the New Haven system's marine interests, but in that year the company transferred its vessels to the New England Steamship Co., thus becoming strictly a holding company. The navigation companies now controlled by the New York, New Haven & Hartford Railroad Co. through the New England Navigation Co. or other subsidiaries, as indicated by the diagram, are the following:

(1) *The New England Steamship Co.*—This company was incorporated on May 20, 1907, and at present operates 31 steamers and other vessels with a total of 75,306 gross tons. All of its capital stock of \$6,000,000 and bonds and notes of \$9,100,000 are owned by the New England Navigation Co. It operates nine lines, six of which connect New York with New England points and three of which are local. Some of these lines at one time were operated by separate corporations, but have since been dissolved.

(2) *New Bedford, Marthas Vineyard & Nantucket Steamboat Co.*—This company represents a consolidation of the New Bedford, Martha's Vineyard & Nantucket Steamboat Co. and the Nantucket & Cape Cod Steamboat Co. All of the company's stock of \$141,700 is owned by the New England Navigation Co., and its regular service is the only one between the ports indicated on the diagram.

(3) *The Hartford & New York Transportation Co.*—This company was acquired by the New York, New Haven & Hartford Railroad Co. in 1906, and all of the company's \$6,703,000 of stock is now owned by the New England Navigation Co. or affiliated concerns. The extent of its marine interests and the routes covered are indicated on the diagram following this page.

Route between—

<p>1. New England Navigation Co. (a holding company).</p>	<p>(New England Steamship Co. (31 vessels of 75,306 gross tons).</p> <p>New Bedford, Martha's Vineyard & Nantucket Steamboat Co. (5 steamers of 3,174 gross tons).</p> <p>Hartford & New York Transportation Co. (6 steamers and 39 coal barges and tugs of 22,873 gross tons).</p> <p>Merchants & Miners' Transportation Co. (26 steamers of 65,708 gross tons).</p>	<p>Bridgeport Line.....New York and Bridgeport. New Haven Line.....New York and New Haven. New London (Norwich) Line.....New York and New London. New London—Block Island Line..Norwich and Block Island, stopping at New London. Providence Line.....New York and Providence. Providence—Block Island Line...Providence and Block Island, stopping at Newport. Newport—Wickford Line.....Newport and Wickford. Fall River Line.....New York and Fall River, stopping at Newport. New Bedford Line.....New York and New Bedford. Nantucket Steamboat Co. (5 steamers of 3,174 gross tons). Hartford & New York Transportation Co. (6 steamers and 39 coal barges and tugs of 22,873 gross tons). Merchants & Miners' Transportation Co. (26 steamers of 65,708 gross tons).</p>	<p>Baltimore—Boston Line.....Baltimore and Boston, stopping at Newport News and Norfolk en route. Baltimore—Providence Line.....Baltimore and Providence. Baltimore—Savannah—Jacksonville Line. Philadelphia—Savannah—Jacksonville Line. Philadelphia—Boston Line.....Philadelphia and Boston. Philadelphia—Providence—Fall River Line. Penobscot Bay Service. Frenchman's Bay Service. Rockland and Mount Desert Ferry.</p>
<p>2. Maine Central R. R. Co.'s steamers (controlled by the New York, New Haven & Hartford R. R. Co.; 6 steamers of 2,428 gross tons).</p>			<p>Philadelphia—Savannah—Jacksonville Line. Philadelphia—Boston Line.....Philadelphia and Boston. Philadelphia—Providence—Fall River Line. Penobscot Bay Service. Frenchman's Bay Service. Rockland and Mount Desert Ferry.</p>
<p>3. Coal fleet of the New York, Ontario & Western Rwy. Co. (controlled by New York, New Haven & Hartford R. R. Co. through ownership of majority of stock; 45 vessels of 19,312 gross tons).</p>			

(4) *Merchants & Miners' Transportation Co.*—Since its establishment in 1854 this company acquired by purchase the Baltimore & Savannah Steamship Co. in 1876 (now inactive), the Merchants' Steam Lighter Co. in 1903, and the Boston & Philadelphia Steamship Co. in 1907 (now inactive). According to the testimony of Mr. Edward G. Buckland, vice president of the New York, New Haven & Hartford Railroad Co. and the New England Steamship Co. (vol. 2, p. 1052), the New York, New Haven & Hartford Railroad Co., indirectly or directly, owns, subject to a voting trust agreement, \$2,531,700 of the \$5,000,000 of the Merchants & Miners' Transportation Co.'s stock, or 317 shares more than 50 per cent. This trust agreement, dated March 21, 1907, and made between the New England Navigation Co. and Nathaniel W. James, and such other stockholders of the Merchants & Miners' Co. as might become parties thereto,¹ provides that 75 per cent of the common stock of the company be put in trust for a period of 25 years. Under the agreement the New England Navigation Co. and the independent stockholders can each nominate only four directors, and the eight thus selected are empowered to select an additional director; but in case of failure to do so, the selection of the ninth director rests with the Safe Deposit & Trust Co. of Baltimore, the trustee under the agreement. According to Mr. Daniel H. Hayne,² general solicitor of the Merchants & Miners' Transportation Co., the agreement was occasioned by the necessity on the part of the Merchants & Miners' Co. of securing financial aid in 1906 and the reluctance of private capital to assume the financial risks attending our merchant marine at that time. "In this dilemma," he explained—

the Merchants & Miners' Transportation Co., which had remained one of the few independent steamship lines on the coast, found that it was necessary to secure strong interests to weather the storm.

Appeal was made to the various railroad connections of this company to take some interest in the minority stock of the company. This request was refused. Mr. Morse at that time was quite active in endeavoring to establish a consolidation of the coastwise lines. This company did not look with favor upon such a combination. Private capital was reluctant to take any further

¹ For a full copy of the trust agreement, see vol. 2 of the Committee's Proceedings, pp. 1052-1055.

² For a full copy of Mr. Hayne's statement submitted to the Committee, see vol. 2 of the Committee's Proceedings, pp. 1314-1316.

risk, and the proposition was placed before the New York, New Haven & Hartford Railroad Co. That company offered to purchase 50 per cent of the stock of this company. (Vol. 2, p. 1315.)

At the particular time referred to by Mr. Hayne large blocks of stock in the Merchants & Miners' Transportation Co. were held by a few families who had been identified with the management of the company, and upon the death of the former holders were held in trust by the Safe Deposit & Trust Co. of Baltimore. It was felt that the proper protection of the trust estates required the retention of the control of the company in the hands of the present owners with a view to preventing the stock from drifting into a minority interest. The accomplishment of this purpose gave rise to the aforementioned trust agreement, which secured the control of the company for 25 years and gave the present owners the majority of the board of directors, thus protecting "the trust estates which were being conducted by the same trustee that is named in the trust agreement." To quote Mr. Hayne's testimony (vol. 2, p. 1315):

The agreement preserved the management of the company in the same hands that had always managed it, with its personnel and executive officers, and it was felt that the company was safer and more independent in this way than if the stock was free on the market to be purchased by whomsoever desired to purchase it. This arrangement has preserved to the former owners of the Merchants & Miners' Transportation Co. an absolute independence free of any dictation of the New York, New Haven & Hartford Railroad Co. or the New England Navigation Co., through which the said railroad company owns the said stock of the Merchants & Miners' Transportation Co. This company is as free and independent in its management as though the New York, New Haven & Hartford Railroad Co. did not own a dollar of its stock, and it has always exercised that independence.

While the New England Navigation Co. was the medium through which the New York, New Haven & Hartford Railroad Co. purchased 50 per cent of the stock interest in the Merchants & Miners' Co., the railroad company has purchased 317 additional shares of the trust certificates. At present the New York, New Haven & Hartford Railroad Co. interests control only 24,000 shares of the 47,366 shares of trust stock, and it is argued that there can be no control until the New Haven interests secure 75 per cent of the entire trust stock (35,525 shares). While Mr. Buckland admitted that additional pur-

chases up to the 75 per cent limit might be made at any time, he emphasized the fact that the New York, New Haven & Hartford Railroad Co. interests have always regarded the Merchants & Miners' Co. as an extension of the railroad system rather than a competitor (vol. 2, p. 1055). On the other hand, it may be considered doubtful, despite the apparent (possibly nominal) independence of the company by virtue of the trust agreement, whether any policy would be adopted objectionable to the New York, New Haven & Hartford Railroad Co., since it is the majority stockholder. If this assumption is correct, it would also appear that the acquisition of this important all-water line, connecting Philadelphia, Baltimore, Newport News, Norfolk, and Savannah with Boston and Providence, has greatly strengthened the New Haven system in the traffic between southern ports and New England.

(5) *Maine Central Railroad Co.'s steamers.*—The Maine Central Railroad Co., controlled by the New York, New Haven & Hartford Railroad Co., through the Boston & Maine Railroad Co., owns six steamers operating between a large number of the smaller ports of Maine. (See diagram.) These steamers are operated by the railroad company, and are not separately incorporated.

Many of the aforementioned steamship lines of the New York, New Haven & Hartford Railroad Co., especially the Long Island Sound lines, it should be stated, were originally acquired by various independent railroad companies as feeders, and became the property of the New York, New Haven & Hartford Railroad Co. when these railway lines were consolidated into the New Haven system. Moreover, judging from Mr. E. G. Buckland's testimony (vol. 2, 1034–1035), the New York, New Haven & Hartford Railroad Co. acquired the Sound lines for the accommodation of those New England shippers who might—

prefer in many instances to ship their high-grade goods by water rather than by rail, because in shipping them by water they have the choice of several terminal deliveries in the lower part of Manhattan Island. The goods are practically sure to be on the dock ready for their consignees early the following morning, whereas if they are sent by rail there is a possibility that they may be held up in the rail terminals on the north side of the Harlem River, necessitating an additional floatage of cars from these terminals down to the New Haven terminals in the lower part of Manhattan Island before they are ready for delivery. * * * By virtue of owning various Sound lines and having

various terminals in New York City, we are able to give to shippers the delivery in New York City, which is the all-important thing in trading with New York. The fact that New York City happens to be one name does not by any means mean that it is only one city. It is a group of industries variously situated, and it is necessary, if transportation is to be properly handled, that commodities should be delivered as near as possible to the location of the industries which deal in them; as near to that industry and as promptly as possible in order to save delay and cartage. In other words, transportation to New York City to-day has become a question of deliveries, of deliveries in localities, and this is seen from an examination of the terminal map of New York City, entitled "Freight Terminals, New York, New Haven & Hartford Railroad Co., in New York, Brooklyn, and Jersey City."

In order to get proper deliveries in New York City we must acquire and hold piers practically surrounding the entire business part of Manhattan Island. In addition to that we have certain piers in Brooklyn, and we have rights of delivery at various terminals on the Brooklyn side of the river.

The Eastern Steamship Corporation.—This company, the second important consolidation of New England navigation lines, has outstanding \$3,000,000 of preferred stock, \$3,075,000 of common stock, and \$10,068,100 of bonds and notes, and operates in the coastwise trade 29 steamships, with a combined tonnage of 54,771 gross tons. In 1912 the corporation acquired (1) all the property of the Eastern Steamship Co. (formerly controlled by the New York, New Haven & Hartford Railroad Co. and representing 20 steamers of 25,520 gross tons), operating between New York and Boston and Maine ports; (2) the Maine Steamship Co. (formerly controlled by the New York, New Haven & Hartford Railroad Co. and operating 3 steamers of 10,470 gross tons between New York and Portland, Me.); (3) all the property of the Metropolitan Steamship Co., operating 6 freight steamers of 18,721 gross tons between Boston and New York; and (4) all of the capital stock of the Boston & Yarmouth Steamship Co. (Ltd.) (acquired from the Canadian Pacific Railway Co.), operating 3 steamers of 5,774 gross tons between Boston and Yarmouth, Nova Scotia. At present the corporation operates 9 lines, as follows:

Metropolitan Steamship Line (Boston and New York).

Maine Steamship Line (New York and Portland).

Boston & Portland Line (Boston and Portland).

Kennebec Line (Boston and Augusta, Me., and intermediate points).

Bangor Line (Boston and Bangor, Me., and intermediate points).

International Line (direct service between Boston and St. John, New Brunswick). (Coastwise service between Boston and St. John and intermediate points.)

Portland & Rockland Line (Rockland and Portland).

Boothbay Line (Boothbay and Bath, Me., stopping at some 20 different landings).

Mount Desert & Blue Hill Line (Bar Harbor Line—Rockland to Bar Harbor; Blue Hill Line—Rockland to Blue Hill; Sedgwick Line—Rock Island to Sedgwick).

Affiliations of the Eastern Steamship Corporation with other navigation interests.—When the Eastern Steamship Corporation acquired the aforementioned marine interests of the New England Navigation Co. the purchase price was arranged on the basis of \$1,000 par value of the Eastern Steamship Corporation's common stock for each 20 shares of Eastern Steamship Co.'s stock (\$2,000 par value), \$1,000 par value of the Eastern Steamship Corporation's preferred stock, and \$1,000 of its 5 per cent first-mortgage bonds. Accordingly, the New England Navigation Co. (owned by the New York, New Haven & Hartford Railroad Co.) is now the owner of the Eastern Steamship Corporation's securities to the extent of 20,000 shares of the 76,500 shares of common stock, 15,000 shares, or 50 per cent, of the preferred stock, and \$2,500,000 of the \$5,700,000 of 5 per cent first-mortgage bonds. (Vol. 2, p. 1082.) These securities, Mr. E. G. Buckland testified, were taken by the New York, New Haven & Hartford Railroad Co. because it could not obtain any other consideration for the property sold, and are now in the company's treasury for sale at the price paid for them. (Vol. 2, p. 1051.) Despite this large ownership of the Eastern Steamship Corporation's securities by the New England Navigation Co., both Mr. Calvin Austin, president of the Eastern Steamship Corporation, and Mr. Buckland testified that the New York, New Haven & Hartford Railroad Co. interests "have never interfered directly or indirectly or attempted to interfere with the management of the Eastern Steamship Corporation"; that the New York, New Haven & Hartford Railroad Co. interests have "neither the actual nor the potential control of the company," there being no officers and directors in common with reference to the two interests; and that the two interests are operated entirely independently. (Vol. 2, pp. 1051, 1083.) The New York, New Haven & Hartford Railroad Co. and the Eastern Steamship Corporation, how-

ever, are on friendly terms with each other, and there has been no change in the relations between the companies since the Eastern Steamship Corporation acquired the aforementioned marine interests of the New England Navigation Co. (Vol. 2, p. 1083.) Mr. Charles S. Mellen, at the time president of the New York, New Haven & Hartford Railroad Co., stated that there is a working arrangement between the two corporations to-day which is the same as existed prior to the sale of the New Haven's marine interests to the Eastern Steamship Corporation, and that the two companies are operating on friendly terms.

Four of the directors of the Eastern Steamship Corporation, owning personally or through their firms a large amount of the company's stock, were also reported to the committee as being directors (including the president and vice president of the Atlantic, Gulf & West Indies) of the Atlantic, Gulf & West Indies Steamship Lines (usually designated as the "A. G. W. I." and to be referred to later), the largest shipping consolidation in the Middle Atlantic and Gulf coastwise trades. Mr. Austin testified that there is no community of interest between the two consolidations, except as indicated by the common directors; that the two corporations act in harmony, one being an extension of the other and there being no competition between them; and that the two companies interchange traffic, the Eastern Steamship Corporation giving freight to the A. G. W. I. to take South and the A. G. W. I. furnishing the Eastern Steamship Corporation freight at New York to take to Boston. (Vol. 2, p. 1085.)

The dominant position of the New York, New Haven & Hartford Railroad Co. and the Eastern Steamship Corporation.—Compared with the total gross tonnage of the lines operating in the strictly New England coastwise trade, including New York (but exclusive of tramp vessels and coal barges), the above-mentioned two consolidations represent 77 out of a total of 100 steamers and a gross tonnage of 143,710 tons out of a total of 162,956 tons, or over 88 per cent. Of the above totals, the New York, New Haven & Hartford Railroad group represents 48 steamers of 88,939 gross tons, the Eastern Steamship Corporation 29 steamers of 54,771 gross tons, and the independent lines only 23 steamers of 19,246 gross tons.¹ Only

¹ The foregoing figures do not take into account the Merchants & Miners Transportation Co., the Clyde Steamship Co., and the Ocean Steamship Co., which only connect New England ports with ports south of New York.

nine independent New England lines have been reported to the committee, viz:

<i>Name.</i>	<i>Route.</i>
Colonial Navigation Co.....	New York and Providence, with no intermediate stops.
Norwich & New York Propeller Co. New York and New London. (Chelsea Line.)	
Central Vermont Transportation Co. New York and New London. (controlled by Grand Trunk Ry. Co.)	
Starin Line.....	New York and New Haven.
Montauk Steamboat Co.....	New York, Sag Harbor, and Block Island, stopping at intermediate points.
Providence, Fall River & Newport Steamboat Co.	Providence, Fall River, and Newport.
Maine Coast Co.....	New York and Portland and other Maine coast points.

The dominant position of the New York, New Haven & Hartford Railroad and Eastern Steamship Corporation groups of lines can also be inferred by taking into account the large number of New England routes which they have entirely to themselves. In the first place, it should be noted that in no case do the routes of the many lines of the New York, New Haven & Hartford Railroad conflict with the nine routes of the Eastern Steamship Corporation, and as Mr. Austin testified, there is no competition between his company and the New Haven's water lines (vol. 2, p. 1084). He further testified that north of Boston the Eastern Steamship Corporation has as a competitor only one small line, the Maine Coast Co.; that this line owns but two steamers (with a total of 899 gross tons) worth only a few thousand dollars apiece, and which, in opposition to his company's \$550,000 to \$650,000 steamers, do not constitute "very much of a competitive factor." (Vol. 2, p. 1083.) Exclusive of a few very small and purely local lines, Mr. Buckland enumerated (vol. 2, pp. 1046-1050) only five independent lines as competitors of the New York, New Haven & Hartford Railroad's water lines, viz, the Starin Line, between New York and New Haven; the Chelsea & Central Vermont Transportation Lines, between New York and New London; the Colonial Line, between New York and Providence; and the Montauk Steamboat Co. (controlled by the Pennsylvania Railroad), between New York, Sag Harbor, and Block Island. The Central Vermont Transportation Co., however, reported to the committee

PACKAGE FREIGHT STEAMSHIP LINES OPERATING BETWEEN LEADING ATLANTIC COAST PORTS.

[Excluding the Atlantic-Gulf, the New York-New England, and strictly New England coastwise trades.]

Between—	Boston.	New York.	Philadelphia.	Baltimore.	Norfolk.
Providence.....	.....	.....	Merchants & Miners' Transportation Co.	Merchants & Miners' Transportation Co.	Merchants & Miners' Transportation Co.
Boston.....	.....	.....	do.....	do.....	Do.
New York.....	.....	.....	Clyde Steamship Co....	New York & Baltimore Transportation Line.	Old Dominion Steamship Co.
Philadelphia.....	Merchants & Miners' Transportation Co.	Clyde Steamship Co.	.....	Baltimore & Philadelphia Steamship Co.	Clyde Steamship Co.
Baltimore.....	do.....	New York & Baltimore Transportation Line.	Baltimore & Philadelphia Steamship Co.	.....	Baltimore Steam Packet Co., Chesapeake Steamship Co., Merchants & Miners' Transportation Co.
Norfolk.....	do.....	Old Dominion Steamship Co.	Clyde Steamship Co....	Baltimore Steam Packet Co., Chesapeake Steamship Co., Merchants & Miners' Transportation Co.	.....
Wilmington.....	.....	Clyde Steamship Co.	.....	.....	.....
Georgetown.....	.....	do.....	.....	Baltimore & Carolina Steamship Co.	.....
Charleston.....	Clyde Steamship Co....	do.....	Philadelphia & Gulf Steamship Co., Southern Steamship Co.	do.....	.....
Savannah.....	Ocean Steamship Co....	Ocean Steamship Co.	Merchants & Miners' Transportation Co.	Merchants & Miners' Transportation Co.	.....
Jacksonville.....	Clyde Steamship Co....	Clyde Steamship Co.	Southern Steamship Co., Merchants & Miners' Transportation Co.	do.....	.....

that it "encounters no competition from other water carriers," and that it "does no business except for the Central Vermont Railway Co. under a verbal contract to handle freight billed by said railway company under its tariff from New York to New London and from New London to New York at a stipulated rate per hundred pounds each way."

The Middle and South Atlantic Coast Trade.

Enumeration of regular line services in the trade.—In this important trade two facts stand out preeminently, namely, (1) that on nearly all the principal routes there is only one regular steamship service, and (2) that practically all the large lines doing a regular through line business are either controlled by railroads or have been acquired by the Atlantic, Gulf & West Indies Steamship Lines. At the beginning of 1913, 11 lines¹ connected the leading ports of this division of our coastwise trade, and the diagram on the opposite page shows that of the 27 routes there indicated (including all of any importance in the trade), only three are served directly by more than one regular steamship line. It also appears that of the 96 vessels and the total gross tonnage of 232,385 gross tons of the aforementioned 11 lines, the railroad-owned lines control over 61 per cent and 67 per cent, respectively, and the Atlantic, Gulf & West Indies Steamship Lines 25 per cent and 26.4 per cent.

The Atlantic, Gulf & West Indies Steamship Lines.—Following the collapse of the Consolidated Steamship Lines² (com-

¹ These 11 lines are the following:

<i>Name of lines.</i>	<i>Number of steamers.</i>	<i>Gross tonnage.</i>
Railroad-owned lines:		
Old Dominion Steamship Co.....	14	27, 330
Ocean Steamship Co.....	9	43, 484
Merchants & Miners Transportation Co.....	26	65, 708
Baltimore Steam Packet Co.....	5	8, 281
Chesapeake Steamship Co.....	5	11, 806
A. G. W. I. coastwise lines:		
Clyde Steamship Co.....	21	55, 049
Southern Steamship Co.....	3	6, 207
Other lines:		
New York & Baltimore Transportation Co.....	4	4, 003
Baltimore & Philadelphia Steamship Co.....	4	2, 392
Philadelphia & Gulf Steamship Co.....	2	4, 006
Baltimore & Carolina Steamship Co.....	3	4, 119

² This consolidation consisted of the Eastern Steamship Co., Metropolitan Steamship Co., Clyde Steamship Co., Mallory Steamship Co., New York & Cuba Mail Steamship Co., and New York & Porto Rico Steamship Co.

SUBSIDIARIES OF THE ATLANTIC, GULF & WEST INDIES STEAMSHIP LINES.

Atlantic, Gulf & West
Indies steamship
lines.

1. Clyde Steamship Co. (21 vessels of 55,049 gross tons). A. G. W. I. owns \$13,814,800, or 99 per cent of the company's stock.
2. Mallory Steamship Co. (13 vessels of 46,609 gross tons). A. G. W. I. owns \$13,781,500, or 98 per cent of the company's stock.
3. New York & Cuba Mail Steamship Co. (17 vessels of 68,776 gross tons). A. G. W. I. owns \$19,793,600, or 99 per cent of the company's stock.

Owns stock in—
 Compañía Mexicana de Navegacion, Mexico.
 Compañía Maritima Cubana, Cuba.
 Vapores de Gonzales, Cuba.
 Compañía de Sanchez y Remolcadores, Cuba.
4. New York & Porto Rico Steamship Co. of Maine (13 vessels of 37,147 gross tons). A. G. W. I. owns \$8,000,000, or 100 per cent of the company's stock.

Owns all of the stock of—
 New York & Porto Rico Steamship Co., of New York.
 United States & Porto Rico Navigation Co.
5. Southern Steamship Co. (3 vessels of 6,207 gross tons). A. G. W. I. owns \$90,000, or 100 per cent of the company's stock.
6. Texas City Steamship Co. (5 vessels of 13,335 gross tons). A. G. W. I. owns \$200,000, or 100 per cent of the company's stock. The vessels are owned directly by the A. G. W. I. and leased to the operating company.
7. In addition to the above lines, the A. G. W. I. controls, through stock ownership, the San Antonio Co. (which owns all of the stock of the San Antonio Docking Co.), Carolina Terminal Co., Clyde Steamship Terminal Co., Santiago Terminal Co., Jacksonville Lighterage Co., and the Tampa Towing & Lighterage Co.

monly known as the Morse Combination), a plan of reorganization was adopted whereby the two New England companies in the combination—the Eastern Steamship Co. and the Metropolitan Steamship Co.—were organized into the Eastern Steamship Corporation, and the four southern companies of the combination—the Clyde, Mallory, New York & Cuba Mail, and New York & Porto Rico Steamship Cos.—into a new consolidation called the Atlantic, Gulf & West Indies Steamship Lines, and commonly designated as the “A. G. W. I.” lines. As already pointed out in connection with the discussion of the New England coastwise trade, the Eastern Steamship Corporation and the Atlantic, Gulf & West Indies Steamship Lines have four directors in common, are not competitors but only an extension of each other’s lines, and interchange traffic (p. 380).

The Atlantic, Gulf & West Indies Steamship Lines has outstanding \$14,996,400 of common stock, \$14,997,000 of preferred stock, and \$12,997,000 of bonds, and controls through stock ownership, in addition to numerous minor marine interests, six important steamship lines, viz, the Mallory and Texas City Steamship Cos., engaging in the Atlantic-Gulf coastwise trade; the Clyde Steamship Co., operating in the Atlantic coastwise trade and in the New York-Santo Domingan trade; the Southern Steamship Co., operating in the Atlantic coastwise trade and extending its service to Key West and Tampa; the New York & Porto Rico Steamship Co., engaging in the New York-Porto Rican and New Orleans-Porto Rican trade; and the New York & Cuba Mail Steamship Co., operating in the New York-Cuban and New York-Mexican trade. (For the extent of the marine interests of these companies and the extent to which their stock is owned by the Atlantic, Gulf & West Indies Steamship Lines see the outline on the opposite page.) In the aggregate these lines represent 72 steamers of 227,123 gross tons, thus constituting, next to the New York, New Haven & Hartford Railroad system, the largest consolidation of domestic steamship lines on the Atlantic coast.

The Southern Steamship and Texas City Steamship Cos., it may be added, were acquired subsequent to the organization of the combination, the last-named line after a severe rate war in the New York-Galveston trade between the old Texas City Steamship Co. (affiliated with the Brunswick Steamship Co.) and the Morgan & Mallory Lines, during which the regular rates were at one time

cut 70 per cent in the case of boots and shoes, dry goods, carpets, and clothing, 66 per cent on canned goods, 80 per cent on salt, and from 85 to 90 per cent in the case of wire nails and iron articles. Following this rate war the Brunswick Steamship Co. was placed in the hands of a receiver (1909), the old Texas City Steamship Co. ceased operations, and a new Texas City Steamship Co. was organized. All the capital stock of this new company was purchased by the Atlantic, Gulf & West Indies Steamship Lines on August 6, 1910.

Railroad-owned lines.—Five of the 11 lines (enumerated on p. 383) which operate between ports on the Middle and South Atlantic coast are controlled by railroads. The importance of these railroad-controlled lines becomes apparent when it is stated that they operate 59 steamers of 156,609 gross tons, compared with 37 steamers of 75,776 gross tons for the remaining six lines. The railroad-owned lines and the two "A. G. W. I." lines (Clyde & Southern Steamship Cos.)¹ combined represent a total of 83 steamers of 217,865 gross tons, or over 86 per cent of the total number of vessels, and nearly 94 per cent of the total gross tonnage of all the regular lines engaged in the trade under consideration.

Since none of the southern or southeastern railroads extends north of the Potomac, these rail lines effected a joint rail-and-water route between North Atlantic ports and the South and Southwest by obtaining control of important steamship lines through stock ownership. These water lines not only give the southern railroads a large through traffic between the northern ports of Boston and New York and the southern ports of Baltimore, Norfolk, and Savannah, but also a differential route via the Virginia ports between Chicago and New York. In some instances the boat lines are controlled by a single railroad, whereas in other cases the majority of the stock is owned by several rail lines. Briefly outlined the railroad-owned lines are the following:

The Old Dominion Steamship Co., \$864,900 of whose capital stock of \$1,500,000 is owned by five railroad companies, the Atlantic Coast Line Railroad Co. holding \$120,000, the Chesapeake & Ohio Railway Co. \$120,000, the Norfolk & Western Railway Co. \$210,000, the Southern Railway Co. \$205,000, and the Seaboard Air Line Railway \$209,900. The company owns \$104,744, or 98 per cent, of the

¹ As previously shown, all the other A. G. W. I. lines operate in the Atlantic-Gulf, Porto Rican, West Indian, and Mexican trades.

stock of the Virginia Navigation Co., which the Old Dominion Line reported to the committee "competes with us for traffic between Richmond and Newport News, Norfolk, and Portsmouth, and which continues to operate a scale of rates differentially less than those of the Old Dominion Line." The company's fleet consists of 14 steamers of 27,330 gross tons and is the only line operating directly between Norfolk and New York. Three of its steamers were leased during 1912 from the "A. G. W. I." and Southern Pacific Co.

The Ocean Steamship Co. of Savannah, \$1,999,200 of whose capital stock of \$2,000,000 is owned by the Central of Georgia Railway Co., controlled by the Illinois Central Railroad Co., about 20 per cent of whose stock in turn is owned by the Union Pacific Railroad Co. Its fleet consists of nine steamers of 43,484 gross tons, and it is the only line operating directly between Boston and Savannah and New York and Savannah.

The Chesapeake Steamship Co., \$199,700 of whose \$600,000 of capital stock is owned by the Atlantic Coast Line Railroad Co. and \$399,500 by the Central Trust Co. as trustee for the Southern Railway Co. These two railroad companies also own all (\$454,800) of the company's income certificates of indebtedness. The company's fleet consists of five steamers of 11,806 gross tons, operating between Baltimore and Norfolk. On this route the company competes with the Baltimore Steam Packet Co. and the Merchants & Miners Transportation Co., but a comparison of the printed tariffs shows the published port-to-port rates of the three lines for this route to be the same.

The Baltimore Steam Packet Co., all of whose capital stock of \$400,000 is owned by the Seaboard Air Line Railway. Its fleet of five steamers of 8,281 gross tons operates between Baltimore and Norfolk and most of its business is through traffic between Baltimore and points in the West and South.

Merchants & Miners Transportation Co., owning a fleet of 26 steamers of 65,708 gross tons. Besides connecting New England with New York, Philadelphia, Baltimore, and Norfolk, this line also connects Philadelphia and Baltimore with Norfolk, Savannah, and Jacksonville. With the exception of the routes between Philadelphia and Jacksonville, over which the Southern Steamship Co. operates, and between Baltimore and Norfolk, over which the Baltimore Steam Packet and Chesapeake Steamship Cos. also operate, this line is the only one connecting directly all the other routes assigned to it

(p. 382). As previously shown, slightly over one-half of its capital stock of \$5,000,000 is owned by the New York, New Haven & Hartford Railroad interests, although the voting power is lodged with the Safe Deposit & Trust Co. of Baltimore.

Peninsular and Occidental Steamship Co., which operates three steamers of 4,303 gross tons and which is the successor to the Plant Line and the Florida East Coast Steamship Co. The company's business is either local or foreign (between Port Tampa and Key West, Fla., and Havana, and between Miami, Fla., and Nassau, Bahama Islands) and is mentioned here because the Atlantic Coast Line Railroad Co. and the Florida East Coast Railway Co., own, respectively, \$750,000 and \$748,000 of its capital stock of \$1,500,000. These two railroads also own all of the company's funded indebtedness of \$1,500,000.

Lines not controlled by railroads or by the Atlantic Gulf & West Indies Steamship Lines.—Outside of the railroad and "A. G. W. I." groups of lines only four independent lines, with a combined total of only 13 steamers of 14,520 gross tons, operate in the middle and south Atlantic coastwise trade. These lines are the New York & Baltimore Transportation Line, with a service between New York and Baltimore; the Baltimore & Philadelphia Steamship Co., between Philadelphia and Baltimore; the Baltimore & Carolina Steamship Co., between Baltimore and Charleston and Georgetown; and the Philadelphia & Gulf Steamship Co., between Philadelphia and Charleston. Of these lines the first three are the only ones directly connecting the ports they serve, while the Philadelphia & Gulf Line's route between Philadelphia and Charleston is also served by the Southern Steamship Co. The New York & Baltimore Transportation Line reported to the committee that a number of transportation companies have refused to enter into a through proportional tariff with it ¹ without in any instance furnishing a reason; and the Baltimore &

¹ The New York & Baltimore Transportation Line reported the following:

"The New York Central refused to join in a through tariff between Baltimore and New York State points reached by them. The Baltimore & Ohio Railroad took under consideration a proposition to establish through rates from New York to western points, but rejected it.

"The New York, New Haven & Hartford Railroad refused to pro rate to or from any of its stations. The New England Navigation Co. (a subsidiary of the New York, New Haven & Hartford Railroad) has in effect a proportional tariff in connection with water lines operating to Norfolk and all ports south which they have several times refused to give us the benefit of.

"The Metropolitan Steamship Co., also a subsidiary of the New York, New Haven & Hartford Railroad Co., has several times refused to give us the benefit of a proportional tariff between New York and Boston which they do give to lines operating to more southerly ports."

Carolina Steamship Co. reported that the Atlantic Coast Line Railroad refused to prorate with it north of Charleston and north, south, and west of Lanes, S. C.; and the Seaboard Air Line as regards all points. According to the reports filed by the lines, they take the following differentials under the all-rail rates: one cent per hundred pounds (reduced from 2 cents to 1 cent on the first three classes of freight in 1912) between Philadelphia and Baltimore by the Baltimore & Philadelphia Steamship Co.; between 4 to 1½ cents on class rates and 1 cent on all commodity rates between Baltimore and New York by the New York & Baltimore Transportation Line; and between 14 cents and 2 cents on class rates and 2 cents on commodities between Charleston and Baltimore by the Baltimore & Carolina Steamship Co.

The Atlantic Coast-Gulf Coast Trade.

Enumeration and description of regular-line services.—At the beginning of 1913 regular-line service between Atlantic coast ports and Gulf ports was confined to six navigation companies, viz:

LINES CONNECTING ATLANTIC COAST AND GULF PORTS.

[Abstracted from answers to the committee's schedule of inquiries.]

<i>Name of line.</i>	<i>Number of steamers.</i>	<i>Gross tonnage.</i>	<i>Route.</i>
Southern Pacific Atlantic Steamship Lines (Morgan Line).	21	94,536	New York and New Orleans, New York and Galveston.
Mallory Steamship Co.....	13	46,609	New York and Galveston, calling at Key West, New York and Mobile, calling at Key West and Tampa.
Southern Steamship Co.....	3	6,207	Philadelphia and Key West and Tampa.
Texas City Steamship Co.....	5	13,335	New York and Texas City, Tex.
Seaboard & Gulf Steamship Co.	2	3,359	New York and Velasco, Tex., calling at Port Arthur.
Philadelphia & Gulf Steamship Co.	2	4,066	Philadelphia and New Orleans.

Affiliations between the lines.—As previously shown, the Mallory, Texas City, and Southern Steamship Cos. are subsidiaries of the

Atlantic, Gulf & West Indies Steamship Lines,¹ and these lines in turn are working in perfect harmony with the Southern Pacific Steamship Lines (Morgan Line),² the other important line in the trade. The Mallory Steamship Co. reported to the Committee that "We have no agreement with the other companies as to the maintenance or change of rates, but keep ourselves advised of the rates made by the other lines engaged in similar services and interchange information and views with them as to rates"; while the Texas City Steamship Co. reported, "We interchange information as regards rates with the Morgan and Mallory Lines." The close relations existing between the Morgan and Mallory Lines are fully set forth in the following abstract of the testimony of Mr. E. Warfield, vice president and general manager of the Seaboard & Gulf Steamship Co. and lately connected with the Mallory Line, and Mr. H. H. Raymond, vice president and general manager of the Clyde and Mallory Lines:

(Abstract of Mr. E. Warfield's testimony): The Morgan and "A. G. W. I." Lines have a very clear understanding among themselves as to each other's rights. * * * I know that while I was associated with the Mallory Line we found it to our interest to observe the rights of the Morgan Line, and they treated us in about the same way, but there was no joint or dual ownership of the vessels. * * * The understanding was to the effect that we did not make any changes in the rates without a conference. * * * There were no agreed dates of sailings, but they were well-known dates announced beforehand. * * * The regular sailings of the Morgan Line are Tuesdays, Thursdays, and Saturdays to Galveston, while the regular sailings of the Mallory Line are Wednesdays and Saturdays, with an extra ship on such other dates as

¹ The Atlantic, Gulf & West Indies Steamship Lines owns all the capital stock of the Southern Steamship Co. and the Texas City Steamship Co. and \$13,781,000 of the \$14,000,000 of the Mallory Steamship Co.'s stock.

² In 1884 the Southern Pacific Co. acquired control of the Morgan's Louisiana & Texas R. R. & S. S. Co., and subsequently also secured all the stock of the Cromwell Steamship Co., operating between New York and New Orleans. In 1902 and 1905, respectively, the steamers of these two companies were taken over by the Southern Pacific Co. and are now operated directly by it. The Southern Pacific Co. operates two services, one via New Orleans, handling chiefly local traffic, and the other via Galveston, handling the through business of the Southern Pacific system and the freight destined to Utah and Colorado. The entire fleet of the company's Atlantic steamship lines consists of 23 vessels of 101,283 gross tons, but two of these vessels (with 6,747 gross tons) are operating in the New Orleans-Havana trade. Mention should also be made of the Direct Navigation Co. and the Gulf Steamship Co. The first operates between Houston and Galveston and nearly all of its capital stock and bonds are owned by the Morgan's Louisiana & Texas R. R. & S. S. Co. (controlled by the Southern Pacific Co.). Its rates on cotton, which is the principal traffic, are exactly the same as those charged by the all-rail route from Houston to Galveston. All except \$500 of the \$100,000 of the Gulf Steamship Co.'s stock is owned by the Southern Pacific Co., and as will be shown later, the testimony before the committee clearly indicates that this company has recently been used largely for competitive purposes with a view to undermining the two independent lines engaged in the Atlantic coast-Gulf coast trade.

might be necessary to take care of the business. * * * The two lines do not for one minute underbid each other in rates, and there is only a friendly, legitimate scrap for the business. (Vol. 2, pp. 1013-1014.)

(Abstract of Mr. H. H. Raymond's testimony) : The two lines charge the same rates. * * * Railroad rates are uniform as between competitive points, and the shippers expect and require the same thing of the steamship companies for a similar service as the railroads give. Therefore we do have conferences to the extent of keeping each other informed, but are not necessarily in agreement. * * * I can not say that the rates are adjusted in conference and that they are the result of an understanding or agreement, because they are not; but proper business dictates to the officer who might be charged with getting the results that the company is entitled to know what his competitor is doing. If we lower our rates, the Southern Pacific would lower theirs, and it would be the case in the reverse direction. * * * It must be perfectly patent to the Committee that if you and I, for illustration, had competitive companies from New York to Galveston, and were giving to the public the same service, the same facilities, that it would be to your business and my business interests to keep informed as to what the rates are. We could not lower and raise them at our will. One or the other would surrender. * * * Each company informs the other of its rates; if we lower or raise our rate from New York to Galveston, we notify the Morgan Line. (Vol. 2, pp. 1159-1162.)

With the "A. G. W. I." Lines and the Morgan Line closely affiliated, it follows that at the beginning of 1913 only two small independent lines—the Philadelphia and Gulf Steamship Co. and the Seaboard and Gulf Steamship Co. (the gross tonnage of whose steamers aggregates only 4.4 per cent of the total line tonnage engaged in the trade)—connect any of the Atlantic coast ports with those of the Gulf. The first line, however, was in the hands of a receiver at the time of the Committee's hearings, while the last line operates only three ships and is in the position, as Mr. Warfield testified, "of the fly on the dog's nose, just bothering them." Mr. Warfield further asserted that his line would not have been able to outlive the competitive methods of the combined lines had it not been for the fact that the line was able to secure suitable full northbound cargoes of railroad ties, lumber, and sulphur, which paid a good revenue, thus enabling the line to carry southbound cargo at about 50 per cent less than is charged by the other lines. It should be stated, in this connection, that the Seaboard & Gulf Line is closely affiliated with the Houston & Brazos Valley Railroad (owning 48 per cent of the railroad company's stock), which is owned by the syndicate that controls the sulphur field at the mouth of the Brazos River.

This railroad affiliation strongly fortified the Seaboard & Gulf Line against the attacks of the larger lines; in fact, the line was organized in anticipation of a movement of sulphur so large as to assure it a homeward cargo indefinitely and in a quantity sufficient to enable it to increase its service.

Methods adopted by the established lines in opposing the establishment and maintenance of independent lines in the trade.—The testimony before the committee can leave no doubt that when a given trade is almost completely in the hands of a group of strong and well-established affiliated lines it is only with the greatest difficulty, if at all, that an independent line can fight its way into the trade.

In probably no division of our domestic trade, unless it be in the New York-Porto Rican trade, has competition between rival carriers been so bitter as in the Atlantic coast-Gulf coast trade. As shown by the testimony of Mr. F. S. Groves, president of the Philadelphia & Gulf Steamship Co., and E. Warfield, vice president and general manager of the Seaboard & Gulf Steamship Co., the lines which they represent encountered bitter opposition in many forms from the established lines. The several methods adopted by these lines to undermine these two independent companies (the only two at the beginning of 1913), as related to the Committee by the aforementioned two witnesses, may be briefly enumerated as follows:

(1) By discouraging the flotation of the company's stock among the subscribers by at once placing opposition steamers in the trade and circulating the statement that the proposed new line would only exist for a short time. (Testimony of F. S. Groves relative to the experience of the Philadelphia & Gulf Steamship Co., vol. 2, pp. 931, 941.)

(2) By making it difficult to purchase, build, or charter steamers, owing to the few independent owners of steamers on the Atlantic coast. Mr. Groves testified that it was only with extreme difficulty that he managed to purchase two steamers, and that he was given to understand that the coastwise lines centering in New York "had made a sort of arrangement among themselves, a sort of gentlemen's agreement, that they would neither sell nor charter the Philadelphia & Gulf Line any steamers." He added:

We could not obtain any other vessels and we only had a service every two weeks (sailings from each end every two weeks), which, of course, was not a sufficient service to carry the higher classes of freight. We continued with that

limited service until we went into the hands of a receiver. * * * If I had had two more vessels the entire shipping interests of the United States could not have crushed my line. I would have made that line profitable; and all I wanted was the vessels. I did not care about their cutting of rates, because I could have made the business. I have been in this business in competition with the railroads for 45 years and I have always made good where I had the boats. * * * The Atlantic coast line interests own all the vessels. You can not charter a ship. You can not build a ship nor buy one. How, therefore, are you going to develop commerce? Every one of those ports wants local coast-wise business, and the great majority of the ports are ready to put a certain amount of money in at a reasonable price, but they are not willing to do that when the price is prohibitive. Financial conditions are absolutely prohibitive, but if we had the right to purchase foreign ships we could equip, with the proper legislation, all those ports in competition with the present lines. * * * (Vol. 2, pp. 933, 955, 962.)

After finding it impossible to buy or charter vessels, Mr. Groves states that he sought to finance the building of ships, but found that the conditions imposed made that course equally impossible. (Vol. 2, p. 953.) Mr. Warfield also expressed his belief that American shipyards regard the older steamship companies as being of more value to them than a new and smaller line, and would discriminate in favor of the well-established lines in the building of vessels on the ground that "they are seeking to get the large orders from the big or older lines and do not want to jeopardize the business of these lines by taking an order from a new line." (Vol. 2, p. 998.)

(3) By the use of "fighting ships." Various witnesses representing independent interests testified to the existence of this practice in the Atlantic-Gulf trade. Mr. F. S. Groves stated that at about the time of the organization of his line the Southern Steamship Co., operating between Philadelphia and Tampa, promptly advertised the extension of its service to New Orleans, and through this act was instrumental in stopping subscriptions to the stock of the Philadelphia & Gulf Line. (Vol. 2, p. 931.) As soon as the Seaboard & Gulf Steamship Co. began operating from Baltimore to Texas the Mallory and Morgan Lines, although operating no service from Baltimore to Gulf ports, are said to have put in ships temporarily at that port, and to have cut their established rates on fireworks and canned goods, for example, from 60 cents and 25 cents per hundred pounds to 45 cents and 15 cents. Having three or four sailings a month against one for the independent lines, these companies would have

obtained nearly all the business had not a sufficient number of merchants held to their agreements to give the Seaboard & Gulf Line a fair cargo. (Warfield's testimony, vol. 2, pp. 1009-1010. Also see vol. 2, p. 1243.)

Another attempt to inaugurate an independent steamship line between Port Arthur and Baltimore, in August of 1912, failed after the first sailing owing to the same practice. (Testimony of H. S. L'Hommedieu, traffic manager of the Beaumont Chamber of Commerce, vol. 2, pp. 1146-1148.) Working on the theory that Baltimore canned goods could be shipped at a profit of 20 cents by direct sailings from Baltimore to Port Arthur, and charging the Texas Railway Commission's rate from Port Arthur to points of destination in Texas and Louisiana, as against the through rate of 33 cents from Baltimore to Houston and Beaumont via the port of New York, various Beaumont citizens chartered a steamer for this traffic, and a full cargo was promptly secured at the 20-cent rate. In the meantime the Southern Pacific interests, having inaugurated the Gulf Steamship Co., immediately announced that the rate from Baltimore to Galveston by direct sailing would be 15 cents on canned goods, with the result that practically all the cargo for the independent venture was canceled. (Vol. 2, pp. 1146-1147.) It was the contention of nearly all the witnesses representing independent shipping or commercial interests in the trade that a small independent concern, unless supported by contracts with large shippers who would agree to stand by the line, can not operate between the Gulf and North Atlantic ports under present conditions, especially since the combination lines can crush any independent venture by putting in steamers to fight the competition or by having their regular boats cut rates to an unremunerative basis.

(4) By engaging persons in the employ of an independent line to divulge information, and especially to furnish copies of its manifests which would reveal the name of shippers and consignees, the commodities shipped, the volume of freight handled, and the rates obtained. With this knowledge at hand, the well-established line can follow up the business, and by special arrangements or otherwise induce shippers to cease patronizing the independent carrier. (Testimony of F. S. Groves, vol. 2, pp. 934-943.)

(5) By bringing influence to bear on insurance companies whereby the independent line receives a less favorable rate than its large and well-established competitors, thus forcing the independent carrier to equalize the extra cost of insurance in its rates to shippers. Such influence, it was testified, was brought to bear against the Philadelphia & Gulf Line, the insurance companies having issued circulars to their customers—the large manufacturing and shipping interests—which showed that their floaters (an insurance policy applicable to any line of steamers on which the goods happened to move) would not apply on vessels owned by the Philadelphia & Gulf Line. Mr. F. S. Groves characterized this obstacle as a “knock-down blow that practically eliminated our cotton shipments, and which, since we had to pay in many instances as high as 70 cents insurance to get goods as against the 15 cents of the Southern Pacific Co., eventually drove most of that business and nearly all the high-class freight away from us.” (Vol. 2, p. 941.) He added that insurance was subsequently obtained on an equitable basis from two of the largest marine insurance companies; that the underwriters placed the insurance embargo upon his line through pressure and not voluntarily; and that the object of the opposing lines in bringing such pressure to bear was to keep his line from handling the business by compelling it to equalize an insurance rate of 70 cents against their rate of only 15 cents. (Vol. 2, pp. 967–968.) Relative to the same matter Mr. Warfield testified that insurance companies must regard the situation from a business standpoint, and that if they granted insurance to a small competing line at as low a rate comparatively, having due regard for the class of vessel, they might do so at the risk of losing the very much larger business of the “A. G. W. I.” and Morgan Lines. (Vol. 2, p. 996.)

(6) By the granting of rebates to shippers who were under contract to ship their entire product by a given line. Although this practice has ceased, it was described to the Committee as having existed in the large movement of molasses from New Orleans to Philadelphia. In this trade the Morgan Line is said to have bound nearly all shippers under contracts for the transportation of their molasses at a rate of \$1.80 per barrel, with the understanding that at the end of the season the shipper would receive a rebate of 35 cents a barrel. Although the Philadelphia & Gulf Line put in an open rate, less the rebate, of \$1.40, it “secured no other business since the other

line held a threat over the shippers and asserted that it would be only a short time until the independent line would go out of business." (Testimony of F. S. Groves, vol. 2, pp. 943-944.)

(7) By refusing independent lines membership in the Southwestern Tariff Committee, representing the railroads and steamship companies interested in the traffic to and from Texas, Oklahoma, Arkansas, and Louisiana, and the Coastwise Freight Conference, composed of practically all the steamship lines out of New York which are engaged in the southbound coast business, as well as certain railroads. The general purposes of these two conferences are the same and may be illustrated by briefly outlining the methods of the Southwestern Tariff Committee. This committee was established for the purpose of printing tariffs economically and of affording an opportunity for periodical conferences among the officers of the various railroads and steamship companies interested in the trade with a view to determining rates and discussing the effects which any advance or reduction in rates would have upon the business of all the parties concerned. If some line announces its intention of establishing a rate, having due regard to the Interstate Commerce Commission's rulings, the same is published by the chairman of the committee. But, as Mr. Warfield, for many years a member of the committee while representing the Mallory Line as freight-traffic manager, testified, the conference lines usually give notice of their intended rate changes only after the situation has been talked over in conference and a conclusion reached that such a change ought to be made. The division of through rates between the boat lines and the railroads is also a matter for determination by this conference, so that there will be no discrimination in this respect against any of the conference lines, and that the divisions of all the lines via one gateway may be on the same basis.

Not to be a member of these tariff committees placed a line at the disadvantage of publishing the tariffs at its own expense and of not being able to enjoy the same through rates from seaboard territory to Texas, Oklahoma, Arkansas, Colorado, and Utah. Thus Mr. Warfield testified:

If in the traffic from Buffalo to Dallas, or from Rochester to Dallas, or from Albany to Dallas, we went to the expense of publishing the tariff which is in effect by the Mallory & Morgan Lines it would cost us several thousand dollars a year; perhaps as much as the amount of business involved under that

tariff. * * * Take, for example, the Coastwise Freight Conference, comprising all these lines. They have an agreement with the railroad lines from the southern ports, say Galveston to the interior, to prorate the balance of that through rate on a graded percentage basis. For instance, let us say that the rate from Rochester to Dallas is \$1 by rail and water, and the proportion of the arbitrary, as we term it, from Rochester to ship side, New York, is 25 cents. That leaves 75 cents to be divided between the steamer to Galveston and the railroad to Dallas. The basis of that division is 45 per cent to the steamer line and 55 per cent to the rail line. Now, because we are not members of that conference and have not the privilege of the agreement that membership carries we would have to pay the 25 cents to New York in the first place and whatever the rate may be from Galveston to Dallas and take the remainder as the ship's proportion, which would be far less than 45 per cent of 75 cents. In other words, we would have to pay local rates to New York and from Galveston. Being out of the conference, the railroads will make no proportionate agreement with us as to the division of rates. * * * If we were permitted to join the Coastwise Freight Conference all we would have to do would be to file a concurrence with the Interstate Commerce Commission, and we would then enjoy the through rate and the divisions. * * * But now we have nothing to concur in, since the rates are not published applicable our way. They must first be published as being applicable via our route, and simultaneously with that we would file the concurrence and the question of all other rail arrangements would follow as a matter of mere detail. * * * These tariff committees seem to work fairly satisfactorily in most cases, except when it comes to a competitor that is not within the fold. * * * Under those conditions it represents the penalty of engaging in a line of business that has been dominated by a certain number of concerns or companies. (Abstract of Mr. Warfield's testimony, vol. 2, pp. 1003-1004, 1008.)

In view of the foregoing advantages the Philadelphia & Gulf Steamship Co. applied for membership in the Southwestern Tariff Committee and the Seaboard & Gulf line for membership in the Coastwise Freight Conference, and in both cases the application was refused. With reference to the Philadelphia & Gulf Co., Mr. Groves stated that although the line had active support in the committee by the Frisco and Rock Island railroad systems, admission to membership in the committee required the unanimous consent of its existing members, and the Southern Pacific Co. refused absolutely to give its consent, even threatening to withdraw from the committee if the Philadelphia & Gulf line's application for admission were approved. (Vol. 2, pp. 944-951.) Shortly after its organization the Seaboard & Steamship Co. made application for membership in the Coastwise Freight Conference, agreeing to subscribe to all its rules and condi-

tions, but the application was denied without any reason being given. The reason for the refusal of membership, however, was, in Mr. Warfield's opinion, the reluctance of the other lines to have his line enjoy through rates as favorable as their own. (Vol. 2, p. 1002.)

Relations Between the Railroads and the Atlantic Coast Steamship Lines.

Traffic arrangements between rail and water carriers.—As previously indicated, it is the general contention of steamship-line representatives that the purely port-to-port business can not even temporarily maintain the established lines in the Atlantic coastwise trade, and that the lines are principally dependent upon through tonnage coming from or destined to the interior, i. e., have become, in large measure, auxiliaries of the railroads. For the proper handling of this through traffic practically all the lines under railroad control or belonging to the aforementioned shipping consolidations have entered into arrangements for through routing of freight and division of rates with substantially all the railroads diverging from the ports served by the various water carriers.¹ Many of the established rates are divided on a percentage basis, determined by a consideration of the mileage (usually 3 water miles being considered as 1 rail mile); others are divided on a revenue basis or on the basis of specific proportions. Since all the carriers belong to the same rating committees or conferences, it follows that the officers of the various railroads and steamship lines can, through periodical conferences, determine the rates and divisions in such a manner that there "will be no discrimination against any of the conference lines and that the divisions of all the lines via one gateway will be on the same basis" (p. 396). (Also see vol. 2, pp. 1162-1167, 1177-1180, 1189-1191, 1197-1198, 1203-1205.) In this connection, however, many of the steamship companies have been very emphatic in reporting to the committee that their affiliation with existing traffic associations is simply for the purpose of discussion and interchange of information and opinions on matters of mutual interest with the other lines, but with the distinct understanding that participation in such conferences in no way restricts their right of separate and independent action.

¹ In reply to the question contained in the Committee's Schedule of Inquiries, "Have any railroads refused to prorate with your line?" all the Atlantic coast lines under railroad control or belonging to the Eastern Steamship Corporation and A. G. W. I. groups have replied in the negative. Nearly all these lines also report arrangements with other coastwise water lines for the interchange of traffic under through tariffs.

The majority of the traffic arrangements between rail and water carriers, judging from the reports filed with the committee by the railroads and steamship lines involved, have not been reduced to formal written agreements. Almost without exception, also, the railroads deny the existence of any agreements or understandings other than those relating to the lawful publication of joint rates with domestic water lines with which there is an interchange of traffic and the division of such rates, and none, it is asserted, provides for an exclusive working arrangement between the parties in matters concerning water transportation. The few agreements filed with the committee which deviate from the above rule, refer to one of three features: the mutual interchange of traffic between the rail and water carriers "so far as such traffic can be controlled"; the stipulation that certain freight delivered by the railroad to the water line shall have preference as to room and loading in its vessels; and the agreement, "in so far as it may be legally done," that, for example, the water line "shall be recognized as the preferential water-line connection of the railroad in respect to traffic handled through the port of Norfolk, originating at or destined to Boston, Providence, and interior New England points, and also as regards traffic moving through such other port or ports as may hereafter be mutually agreed upon."¹

Mention should be made of the tacit understanding which recently existed with reference to eastern business destined to Texas points. This arrangement, which was strictly observed until recently, was to the effect that business originating in the Eastern States, and east of a line drawn north and south from Buffalo, through Pittsburgh, Wheeling, and Parkersburg to Huntington, should move to Texas points via the water route, while the business west of that line, including the Pittsburgh business, should move via the all-rail route. (See vol. 2, pp. 1105, 1135-1136, 1187-1189.) Mr. H. H. Raymond testified that this arrangement for a division of territory was effected by the carriers through an agreement in about 1878, following a long period of rate cutting; that although the agreement was discontinued the traffic of the carriers continued along the line of least resistance; and that the arrangement was strictly observed until about 1908 or

¹ Agreement of May, 1907, between the Norfolk & Western Railway Co. and the Merchants & Miners Transportation Co.

1909 (vol. 2, pp. 1187, 1188). He stated that he knew his companies did not go west of a defined line some years ago, but that now shippers can route business west of that line to New York at local rates and have it sent from there to the southern destination. Mr. J. C. Dillard, traffic manager of the Waco Freight Bureau, however, expressed his belief that the arrangement "is substantially the same to-day" (vol. 2, p. 1136); while Mr. H. H. Raymond stated that, in his opinion, it was not profitable for a water route to extend much beyond Pittsburgh (vol. 2, p. 1187).

Refusal of railroads to enter into through routing and prorating arrangements on package freight with independent lines.—Although nearly all the lines under railroad control or belonging to shipping consolidations have the advantage of such arrangements, various independent water lines have been refused the privilege. This refusal was the subject of severe criticism by representatives of independent steamship interests in their testimony before the committee. Joint through rail-and-water rates were regarded by these witnesses as of vital importance, since they are nearly always less than the sum of the local rates. Their more general establishment, it was contended, is necessary if any successful attempt at competition by independent lines is desired. To deprive an independent line of the advantages accruing from a joint-rate arrangement with railroads places that line in a defenseless position as compared with a rival line not thus handicapped. Without a prorating arrangement, it is argued, the independent line can not secure interior business, since the sum of any local water rate it could make plus the local rail rate would be higher than the through rate. On the other hand, the line having the prorating arrangement with the railroad can make a profit on the through business and eliminate its less fortunate competitor—restricted chiefly to traffic originating at the ports—by cutting rates on port-to-port business to an unprofitable point. (Vol. 1, pp. 508, 512–513.)

In view of the importance of the subject, a brief enumeration of the instances where the prorating privilege has been refused to independent water lines will be given. The refusal of membership to the Philadelphia & Gulf Steamship Co. and the Seaboard & Gulf Steamship Co. in the Southwestern Tariff Committee and the Coastwise Freight Conference, respectively, has already been discussed (pp. 396, 397).

Reference has also been made to the experience of the New York & Baltimore Transportation Line and the Baltimore & Carolina Steamship Co. The first line reported to the Committee that joint traffic arrangements were refused it by the New York Central, Baltimore & Ohio, New York, New Haven & Hartford, New England Navigation Co., and the Metropolitan Steamship Co. (p. 388), while the last line reported that the Atlantic Coast Line Railroad refused to prorate with it north of Charleston and north, south, and west of Lanes, S. C., and the Seaboard Air Line as regards all points (p. 389).

Messrs. A. H. & E. M. Bull, representing important tramp-vessel interests on the Atlantic coast, testified that they were unable to enter into package freight business at nearly all of the Atlantic ports because of the railroads' refusal to prorate with them as they do with other lines. According to their statement, they finally managed to start a service at Stockton Springs, Me., through an arrangement with the Bangor & Aroostook Railroad, the only independent railroad in New England. When, however, they tried to extend their operations into the Maine Central's district through a traffic arrangement for the issuance of through bills of lading to and from stations on its line, the request was absolutely refused. (Vol. 1, pp. 502-505.) The Colonial Navigation Co. also reported that the New York, New Haven & Hartford Railroad "simply declined our request."

CHAPTER XIV.

SUMMARY.

EXTENT AND METHODS OF CONTROL OF COMPETITION BETWEEN WATER CARRIERS IN THE DOMESTIC TRADE.

Extent of Control.

The foregoing chapters discuss the control of regular line services in the most important divisions of this country's domestic commerce. With the exception of the Pacific coast trade proper, it was shown that the line traffic is handled by comparatively few companies and that these are largely controlled by railroads and shipping consolidations. Thus, in the entire Atlantic and Gulf coastwise trade (exclusive of all inland waterway and purely local carriers), 28 lines, representing 235 steamers of 549,821 gross tons, furnish the line service. Of this number of lines, 10 are railroad owned and represent 128 steamers of 340,084 gross tons, or 54.5 per cent of the total number of steamers in the trade and 61.9 per cent of the tonnage. Seven lines, operating 71 steamers of 175,971 gross tons in the coastwise trade, belong to the Eastern Steamship Corporation and the Atlantic, Gulf & West Indies Steamship Lines, and represent in the aggregate nearly 30 per cent of the total number of steamers and 32 per cent of the tonnage. Combining the two interests, it appears that the railroads and two Atlantic coast shipping consolidations control nearly 85 per cent of the steamers and nearly 94 per cent of the gross tonnage engaged in the entire Atlantic and Gulf coastwise trade. Attention may be called again to the fact that very few of the routes between any two ports on the entire Atlantic and Gulf coasts are served by more than one line (pp. 369-370, 382, 383).

CONTROL OF STEAMSHIP LINES ENGAGED IN THE ATLANTIC, GULF AND PACIFIC COAST, AND GREAT LAKES TRADE.¹

	<i>Number of rail- roads, consoli- dations, and in- depend- ent lines.</i>	<i>Number of navi- gation compa- nies con- trolled.</i>	<i>Number of steam- ers op- erated.</i>	<i>Gross ton- nage of steamers operated.</i>	<i>Per cent of total steam- ers op- erated.</i>	<i>Per cent of total tonnage oper- ated.</i>
Great Lakes:						
Railroads.....	8	6	63	180, 007	47. 4	64. 2
Shipping consolidations.....						
Other lines.....	17	17	70	100, 557	52. 6	35. 8
Total.....	25	23	133	280, 564	100. 0	100. 0
Atlantic and Gulf coasts:						
Railroads ²	8	10	128	340, 084	54. 5	61. 9
Shipping consolidations ³	2	7	71	175, 971	30. 2	32. 0
Other lines.....	11	11	36	33, 766	15. 3	6. 1
Total.....	21	28	235	549, 821	100. 0	100. 0
Pacific coast: ⁴						
Railroads ⁵	3	3	18	69, 470	17. 0	19. 82
Shipping consolidations ⁶	2	⁶ 4	⁶ 50	⁶ 103, 209	47. 2	29. 44
Other lines ⁷	8	8	38	177, 833	35. 8	50. 74
Total.....	13	15	106	350, 512	100. 0	100. 00
Grand total:						
Railroads ⁸	⁸ 19	19	209	589, 561	44. 1	49. 93
Shipping consolidations.....	4	11	121	279, 180	25. 5	23. 64
Other lines.....	36	35	144	312, 156	30. 4	26. 43
Grand total.....	59	66	474	1, 180, 897	100. 0	100. 00

¹ Exclusive of all inland waterway (except the Great Lakes) and purely local carriers, as well as purely bulk carriers.

² The marine interests of the Maine Central R. R. Co., controlled by the New York, New Haven & Hartford R. R. Co., have been combined with the marine interests of the latter.

³ Includes only the coastwise lines of the Eastern Steamship Corporation and the A. G. W. I.

⁴ Includes the lines engaged in the Alaskan, Hawaiian, and intercoastal trade.

⁵ Includes only the tonnage of the Pacific Mail Steamship Co., which is engaged in the California-Panama service.

⁶ The figures do not include the Juneau and Western Alaska Steamship Cos., which belong to the Pacific Coast Co., but their gross tonnage could not be ascertained.

⁷ Includes the entire gross tonnage of the American-Hawaiian and Oceanic Steamship Cos. The tonnage of the North Pacific Steamship and Panama Railroad Cos., not having been furnished by the companies, was taken from the statistics furnished by the United States Bureau of Navigation for 1912. The other data was furnished directly by the companies involved.

⁸ This total is not the sum of the above-mentioned figures because various railroads own lines engaged in several divisions of our coastwise commerce. Duplications of this kind have been eliminated. Some of the companies comprised in the total, as noted in the preceding chapters, are subsidiaries of larger railroad systems. The total includes the railroads actually owning or controlling the navigation companies, although some are only subsidiaries of other railroads.

On the Great Lakes the through package freight from the western gateways to eastern seaports via Buffalo is controlled exclusively by six railroad-owned boat lines, and these six lines represent 63 steamers of 180,007 gross tons, or approximately 47 per cent of the line steamers and 64 per cent of the line tonnage operating on the Great Lakes. Exclusive of ferry companies and strictly passenger lines, 17 other freight lines of some importance connect various Lake ports. These, however, represent but slightly more than one-third of the Great Lakes line tonnage. Most of these independent lines are comparatively small; none engages in the through traffic from western terminal centers; and 7 report that they encounter no direct competition from other water carriers.¹

Even in the Pacific coast trade (including the intercoastal trade), where independent steamship lines make a more prominent showing than in either the Atlantic coast or Great Lakes trade, railroads and shipping consolidations represent a large proportion of the total tonnage. The 15 lines already noted as operating in this trade represent (after excluding steamers engaged in the foreign trade) a total of 106 steamers of 350,512 gross tons. Three of these lines are owned by railroads and four by shipping consolidations, and represent a combined total of 68 steamers of 172,679 gross tons, or over 64 per cent of the total number of steamers for the 15 lines and over 49 per cent of the tonnage.

Considering all the line services noted in the preceding chapters as engaged in the coastwise and Great Lakes trade, the following totals appear: The lines number 66; the steamers operated strictly in the domestic trade, 474; and the gross tonnage of these steamers, 1,180,897 tons. Of these totals 19 railroads² control 209 steamers (44.1 per cent of the total) and 589,561 gross tons (nearly 50 per cent of the total).³ Eleven lines belong to shipping consolidations and operate 121 steamers (25.5 per cent of the total) of 279,180 gross

¹ For consolidations among bulk carriers on the Great Lakes see pages 336-346.

² Of the total line tonnage indicated for the 19 railroads, 2 roads—the New York, New Haven & Hartford Railroad Co. and the Southern Pacific Co.—own or control, directly or indirectly, 292,698 gross tons, or nearly 50 per cent of the total tonnage owned or controlled by railroads. The New York, New Haven & Hartford Railroad Co. owns, directly or indirectly, 154,647 tons and the Southern Pacific Co. 138,051 tons. These figures, however, comprise only the line tonnage engaged in the coastwise trade and do not include the tonnage operated in either the foreign trade or the bulk traffic.

³ In addition to the above figure of 589,561 gross tons of domestic line tonnage, American railroads own or control considerable additional line tonnage engaged in domestic inland commerce. After there is added the steamer tonnage of water lines (directly operated or in which railroads own a majority of the stock) on Chesapeake Bay and inland lakes and rivers, the total gross tonnage controlled by railroads appears to be 658,263 tons.

tons (23.6 per cent of the total). All told, the 30 lines referred to in the preceding chapters as controlled by railroads or shipping consolidations operate 330 steamers of 868,741 gross tons, or nearly 70 per cent of the total number of steamers and 74 per cent of the tonnage. It should be added that in acquiring so large a proportion of the country's total coastwise line tonnage the railroads and shipping consolidations were not actuated solely by the desire to control the competition of rival carriers, although this probably was the principal motive in the majority of instances. In a considerable number of cases, as illustrated by the Atlantic coast lines acquired by southern railway companies, the railroads acquired boat lines to secure feeders or to obtain a water extension to territory not open to their rail lines. Some of the earliest railroad acquisitions of water lines (illustrated by some of the lines owned by the New York, New Haven & Hartford Railroad) were incidental to the merger of various railroad companies which had already acquired navigation companies as feeders to or extensions of their lines. Several witnesses also testified that the fundamental purpose underlying the organization of the shipping consolidations they represent was not to restrict competition, since the subsidiary lines are not competitive geographically, but to curtail administrative and terminal expenses, which would be very much larger for the several companies if operated independently. (See testimony of H. H. Raymond, relative to the A. G. W. I., vol. 2, pp. 1158-1159.)

Much the same situation as was noted in the coastwise and Great Lakes trade also exists on inland rivers, bays, and canals.¹ Despite the continued improvement of waterways and the great increase of traffic in the coastwise and Great Lakes trade, "the total river traffic of the country has steadily decreased both proportionately and absolutely, with the result that few rivers are used to anything approaching their full capacity."² While, generally speaking, the decline of navigation lines on inland waterways is largely traceable to the natural extension and legitimate competition of the railroads, there is ample evidence to show that the railroads have successfully op-

¹ The line traffic on inland rivers, bays, and canals has not been emphasized, partly because of its relative unimportance, and partly because the subject is fully covered in the preliminary and final reports of the National Waterways Commission. (S. Doc. No. 325, 60th Cong., 1st sess., and S. Doc. No. 469, 62d Cong., 2d sess.) Railroad ownership and control of canals is discussed in the Commissioner of Corporations Report on "Control of Water Carriers by Railroads and by Shipping Consolidations," Dec. 23, 1912.

² Preliminary Report of the Inland Waterways Commission, p. 20.

posed the maintenance and development of river and canal traffic by a variety of effective methods, mainly by acquiring competitive water lines and canals, by obtaining control of the terminal facilities, by the use of rebates, or by the undercutting of rates. Aside from the acquisition of competing lines, the undercutting of rates seems to have been the favorite method adopted by railroads to eliminate water competitors. Since the railroads reach all sections of the interior, and the inland navigation lines are restricted to their water course, they can easily control so large a proportion of the total freight as to leave the water lines insufficient freight to maintain proper terminals and an efficient service. As reported by the Inland Waterways Commission:

So large a portion of railway traffic is free from water competition that railways can readily afford to so reduce rates on those portions affected by such competition as to destroy the profits of the water lines without appreciably affecting the profits of the rail systems, which recoup these reductions by higher rates elsewhere. This has been the case with most of the great inland waterways, excepting the Great Lakes where the conditions of water and traffic approach those of the open sea.¹

This method of eliminating water competition is well illustrated by the experience of water lines on the Mississippi River system.² On this system packet-line services have largely disappeared, owing to

¹ Preliminary Report of the Inland Waterways Commission, p. 20.

² The Inland Waterways Commission reports that:

"The opening of the Yazoo and Mississippi Valley Railroad, an Illinois Central property, went far toward accomplishing the downfall of steamboat traffic on the lower Mississippi. The railroad paralleled the river from Memphis to New Orleans, reaching all the important towns on the east bank of the river. Prior to the opening of the railroad, cotton from this territory had been sent to New Orleans by river at \$1 to \$1.50 per bale, but on the completion of the railroad the rail rate soon reached the point where it was unprofitable for the ports to handle cotton. From river competitive points such as Vicksburg, the rail rate dropped as low as 45 or 50 cents per bale to New Orleans, while from points back from the river, such as Rolling Fort, Miss., about 40 miles from Vicksburg and 10 from the river, the railroad recouped itself by charging \$1 to \$2 per bale.

"The matter of insurance also operated against the river route. The rail rates, as given above included the common carriers' liability of risk, but on all cotton shipped by boat the shipper was put to an additional expense of from one-half of 1 per cent to 1 per cent of the value of the shipment. The premium on shipments from Vicksburg to New Orleans amounted to 25 cents on a bale of cotton valued at \$50." (Preliminary Report, p. 135.)

Again the commission reports:

"The Mississippi is paralleled on both sides by railroads operating long trains over easy grades at the least possible cost. River steamers can still underbid the railroads to some extent on local traffic, but they are at a disadvantage in loading or terminal expenses, and in insurance of risk, as well as on account of the rise and fall of water in the river. It is claimed that the railroads take traffic at unduly low rates along the river and at competitive points generally, and recoup themselves by high charges at noncompetitive points; but in water traffic there are practically no competitive points, and steamboat lines are compelled by the necessities of the case to make their rates with some regard to distance." (Preliminary Report, pp. 315-316.)

railroad competition, and the few lines remaining, while generally independent of railroad control, are but weak competitors. Effective railroad opposition to independent water lines also exists on the Nation's other leading rivers, such as the Columbia and Hudson.¹

Most of the canals of the country have also long since passed into the hands of competing railroads. Almost invariably, following the acquisition of the canals, the railroads failed to maintain the efficiency of the same for transportation purposes, or raised the tolls so high as to preclude their use, or entirely abandoned the property. In some instances, however, the decrease or practical disappearance of canal traffic is traceable to the antiquated character of the canal, and in all likelihood most of the privately owned canals would by this time have ceased to be an efficient means of transportation, even though they had not been acquired or controlled by the railroads. Even the most important State canal—the Erie Canal—as already shown, is so completely dominated by the railroads, as far as through traffic is concerned, that the movement of freight originating outside of the State of New York via this route has almost reached the vanishing point. Not only do the railroads own all the through Lake freight lines centering at Buffalo, but they control practically all the terminal facilities at both ends of the canal as well as the forwarding agencies and boat owners. At present about 90 per cent of the mileage of the private canals still in operation is under railroad control.²

¹ Mr. E. F. Murray, president of Murray's Line, a freight line from New York to Albany and Troy, testified before the committee that the railroads are pursuing a policy of restricting the territory that may be reached by differential water lines on the Hudson River, and are discriminating against water carriers by forcing them to pay local rates between all points on the railroad and the water line, thus reducing the divisions which the water lines had formerly received. In view of this practice, he testified that railroads should be compelled to prorate with regularly established water lines, and to grant them as good rates, divisions, and facilities as they give their most favored connection or patron; and that if the railroads are not compelled to do this they are in a position to stifle competition, because local port-to-port business will rarely support any water line in the operation of boats and facilities demanded by the public. (Vol. 2, pp. 1271-1288.)

Two main lines operate on the Columbia River, viz, the Open River Transportation Co. and The Dalles, Portland & Astoria Navigation Co., the latter being controlled through stock ownership by the Spokane, Portland & Seattle Railway Co., which in turn, is controlled jointly by the Great Northern and Northern Pacific Railway Cos. The Open River Transportation Co. reported that "the faster boats of The Dalles, Portland & Astoria Navigation Co. precede theirs up the river and collect the cargo, thus killing their business.

² For a detailed account of the various canals owned or controlled by railroads, see Chap. III on "Railroad Control of Canals and their Traffic" in the report of the Commissioner of Corporations on "Control of Water Carriers by Railroads and by Shipping Consolidations," Dec. 23, 1912. According to this report it appears that control was secured over many of the canals by long-term leases.

Methods of Control Summarized.

The numerous methods of controlling competition between water carriers in the domestic trade, referred to in the preceding pages, may be grouped under three headings, viz, (1) control through the acquisition of water lines or the ownership of accessories to the lines; (2) control through agreements or understandings; and (3) control through special practices. Briefly summarized, the various methods adopted for the control of competition are the following:¹

I. *Control through the acquisition of water lines or the ownership of accessories to the lines:*

(1) Direct railroad ownership and operation of water lines, the railroad's marine interests not being incorporated separately (pp. 377, 390).

(2) Railroad ownership through subsidiaries, or subsidiaries of subsidiaries, either rail or water (pp. 317, 318, 373-376).

(3) Control by lease, especially in the case of canals (p. 408).

(4) Ownership of boat lines by other boat lines, or by holding companies (pp. 352-353, 378-379, 383-386).

(5) Joint control of a water line by several railroads (pp. 317, 318, 386-388).

(6) Control of one water carrier over another, or of a railroad over a water line, indicated by one or more officers in common or by common representation on the board of directors (pp. 344-346, 350).

(7) Control indicated by a community of interest through influential stockholders (pp. 344-346).

(8) Railroad control of competing water lines or canals through the ownership or control of forwarding companies, thus diverting traffic to their own rail or water lines by refusing to exchange through freight with independent water lines. The latter are thus forced to depend upon local business, which is too limited to maintain the efficiency of the line (pp. 325-327).

(9) Railroad or steamship company ownership of exclusive terminal facilities (pp. 323-324, 327-328).

(10) Ownership or control of bulk carriers by producing and trading companies, which, while controlling a large portion of the traffic in a given commodity, also act as common carriers. These companies may also charter boats of independent lines on such favor-

¹ The page references which follow refer to this volume, and are intended only to direct attention to a few typical examples.

able terms as to induce such lines to observe a certain policy in the fixing and maintenance of rates (pp. 377-338, 344-345).

II. *Control through agreements or understandings:*

(11) Through agreements between water lines to divide the territory or charge certain rates. Unlike the practice in the foreign trade, such agreements are few in the domestic trade, the desired elimination of objectionable competition being effected through any one or more of the other methods (pp. 399-400).

(12) Through traffic associations, participated in by railroads and water lines, which publish tariffs but do not definitely bind the lines, i. e., there is no express agreement to observe the rates. While the water lines are emphatic in reporting that their affiliation with existing tariff associations or conferences is simply for the purpose of discussion and interchange of information and opinions on matters of mutual interest, and that their rights of separate and independent action are in no way restricted, the testimony shows that the rates and divisions of rates are determined at these conferences in such a manner as to cause no discrimination against any of the members and to place the rate divisions for all lines via one gateway on the same basis (pp. 396-397).

(13) By requiring the unanimous consent of the existing members in certain traffic associations or conferences before admission can be secured by an outside line. Not to be granted membership in such associations places the outside line at the disadvantage of publishing tariffs at its own expense and of not being able to enjoy the same through rail-and-water rates as the conference lines (pp. 396-398).

(14) Agreements or understandings not to charter or sell vessels to certain lines or for certain trades (pp. 392-393).

III. *Control through special practices:*

(15) A railroad obtains control of a water line or canal and (1) fails to maintain the efficiency of the same, thus making water transportation so expensive as to eliminate competition, or (2) fixes rates so high as to preclude its use or (3) abandons the property (p. 408).

(16) A railroad charters space from a competing water line, although not using it, thus depriving shippers of space and making them dissatisfied with the water-line service (p. 360).

(17) A railroad or its controlled water line or terminal company holds all the available docks and shedded piers and refuses

access to an independent line for the purpose of discharging and receiving cargo, or allows access only upon payment of unreasonable charges. The independent line is thus required to unload at some other dock and team the goods to and from the railroad station (pp. 323-324, 327-328, 356).

(18) A railroad or its controlled water line owns the available water frontage which it refuses to utilize, at the same time refusing to release the same by sale or otherwise (pp. 323-324).

(19) A railway-water line or large all-water line cuts rates unduly (either by putting "fighting ships" in the trade or by having its regular boats quote unremunerative rates) and when competition has been destroyed advances the rates even higher than they had been originally. While cutting rates the large company recoups itself out of rates at noncompetitive points or on through business secured from railroads on a favorable basis (pp. 385-386, 393-394, 407).

(20) Railroads manipulate rates so as to make the differential between their all-water, all-rail, and rail-water routes ineffectual as far as water transportation is concerned. The only inducement to use the water route is economy, and if the differential between the rail and water rates is made such as to just counterbalance the disadvantages of the water route the railroads will secure the business because, all things considered, their service is preferred (pp. 328-330).

(21) Water lines make contracts with shippers whereby rebates or special rates are granted if the shipper transports his entire product by a given line. Such contracts with important shippers greatly handicap independent lines in getting sufficient freight, especially if the contracting line spreads the report that the independent line will be allowed to remain in business only a short time. The important shippers, their business once obtained, can be held in line or disciplined (pp. 395-396).

(22) Large established water lines bring influence to bear on marine insurance underwriters whereby the independent line can secure only a less favorable rate, having due regard for the class of vessel, than its large and well-established competitors, thus forcing the independent carrier to equalize the extra cost of insurance in its rates to shippers (p. 395).

(23) Railroads or steamship combinations can allow competing lines a certain amount of freight with the implied knowledge on the part of the competing line that the railway or steamship combina-

tion possesses the power to withdraw this allotted freight if the competing line shows aggressiveness or is unwilling to conform to the line of conduct desired. Often valuable season contracts are made with independent water lines, which these lines do not wish to lose by competing for freight (pp. 342, 344-345).

(24) Railroads may divert bulk traffic from watercourses by granting special commodity rates "in transit," such as "milling in transit" and "compressing in transit" (p. 322).

(25) Railroads can give access to docks to preferred water lines with which they have special arrangements, thus forcing shippers by other water lines to pay a series of charges for switching, docking, and unloading, and putting them to much inconvenience. In effect it means that the shipper who wishes the proper service must use the water line preferred by the railroad (pp. 334-335, 399).

(26) Railroads may refuse to issue through bills of lading except to favored lines, thus preventing independent lines from obtaining transfer traffic. To deprive an independent line of the advantages accruing from a joint rate arrangement with railroads places the line in a defenseless position as compared with competing lines not thus handicapped. Without such an arrangement the independent line can not secure interior freight and is limited largely to port-to-port traffic, which is too small in volume to support the line. On the other hand, the water line having the prorating arrangement can cut rates to an unremunerative basis on the port-to-port traffic, thereby eliminating its less fortunate competitor, and recoup its losses in large measure out of the profits secured on the through business (pp. 349-350, 354-356, 400-401).

(27) Railroads charge more for the local haul from Buffalo to seaboard points, for example, on grain that is taken to Buffalo by boat than the proportionate share of the all-rail haul from Chicago to the seaboard, thus making the through rail-water route unprofitable as compared with the all-rail route. The local rate for the eastern rail haul is so high as to leave little to the independent water carrier for its local lake haul (pp. 321-323).

(28) Railroads can greatly reduce rates between those points only where they are competing with an independent water carrier. Since most of the traffic of a large railroad system is free from water competition, it can afford to lower the rates on the competitive traffic to an unremunerative basis without appreciably affecting the earnings of its entire system (p. 407).

Recommendations of the Committee.

The resolution (H. R. 587) under which the Committee has been investigating shipping combinations directs the Committee "to report to the House all facts disclosed by said investigation, and what legislation, if any, it deems advisable in relation thereto." In compliance with the directions of the resolution relating to legislation, the Committee submits the following recommendations:

RECOMMENDATIONS RELATING TO WATER CARRIERS ENGAGED IN THE FOREIGN TRADE.

The facts contained in the foregoing report show that it is the almost universal practice for steamship lines engaging in the American foreign trade to operate, both on the in-bound and out-bound voyages, under the terms of written agreements, conference arrangements or gentlemen's understandings, which have for their principal purpose the regulation of competition through either (1) the fixing or regulation of rates, (2) the apportionment of traffic by allotting the ports of sailing, restricting the number of sailings, or limiting the volume of freight which certain lines may carry, (3) the pooling of earnings from all or a portion of the traffic, or (4) meeting the competition of non-conference lines. Eighty such agreements or understandings, involving practically all the regular steamship lines operating on nearly every American foreign trade route, are described in the foregoing report. (For a full classification of these agreements see pp. 281 to 295 of the report.) The report also presents the economic advantages and disadvantages of steamship agreements and conference arrangements as presented to the Committee by steamship line representatives and the exporting and importing interests of the United States. (For a full classification of the advantages and disadvantages see pp. 295 to 307 of the foregoing report.)

In formulating its recommendations it became apparent to the Committee, in view of all the facts presented, that only two courses of action were open for adoption. Either the agreements and understandings, now so universally used, may be prohibited with a view to attempting the restoration of unrestricted competition, or the same may be recognized along lines which would eliminate existing

disadvantages and abuses. It is claimed that the adoption of the first course—the prohibition of cooperative arrangements between practically all the lines in nearly all the divisions of our foreign trade—would not only involve a wholesale disturbance of existing conditions in the shipping business but would deprive American exporters and importers of the advantages claimed as resulting from agreements and conferences if honestly and fairly conducted, such as greater regularity and frequency of service, stability and uniformity of rates, economy in the cost of service, better distribution of sailings, maintenance of American and European rates to foreign markets on a parity, and equal treatment of shippers through the elimination of secret arrangements and underhanded methods of discrimination. (A classification of the advantages claimed as resulting from the aforementioned factors is presented on pp. 295 to 303 of the foregoing report.)

These advantages, the Committee believes, can be secured only by permitting the several lines in any given trade to cooperate through some form of rate and pooling arrangement under Government supervision and control. It is the view of the Committee that open competition can not be assured for any length of time by ordering existing agreements terminated. The entire history of steamship agreements shows that in ocean commerce there is no happy medium between war and peace when several lines engage in the same trade. Most of the numerous agreements and conference arrangements discussed in the foregoing report were the outcome of rate wars, and represent a truce between the contending lines. To terminate existing agreements would necessarily bring about one of two results: the lines would either engage in rate wars which would mean the elimination of the weak and the survival of the strong, or, to avoid a costly struggle, they would consolidate through common ownership. Neither result can be prevented by legislation, and either would mean a monopoly fully as effective, and it is believed more so, than can exist by virtue of an agreement. Moreover, steamship agreements and conferences are not confined to the lines engaging in the foreign trade of the United States. They are as universally used in the foreign trade of other countries as in our own. The merchants of these countries now enjoy the foregoing advantages of cooperative arrangements, and to restore open and cutthroat competition among the lines serving the United States would place

American exporters at a disadvantage in many markets as compared with their foreign competitors.

Steamship line representatives, as well as the patrons of the lines, were almost a unit in emphasizing to the Committee the importance and necessity of the aforementioned advantages of agreements and conferences, and in asserting that these advantages can only be effected by permitting the several lines in a given trade to cooperate in the regulation of their rates and the expeditious handling of their business. Very few of the many exporters and importers, who communicated with the Committee, were opposed to agreements and conferences in themselves, provided they are fairly and honestly conducted. Many, however, objected to the secrecy with which agreements and conferences are now conducted; and stated that, while the advantages must be admitted, they have no assurance and no means of knowing whether the conditions claimed for agreements and conferences are always fulfilled. A considerable number of complaints were also filed with the Committee objecting to excessive rates, discrimination between shippers in rates and cargo space, indifference to the landing of freight in proper condition, arbitrariness in the settlement of just claims, failure to give due notice to shippers when rates were to be increased, refusal to properly adjust rates as between various classes of commodities, and the unfairness of certain methods—such as fighting ships, deferred rebates, and threats to refuse shipping accommodations—used by some conference lines to meet the competition of nonconference lines. Unfortunately the truth of many of these complaints could not be ascertained because of the confidential nature of the information furnished. As pointed out in the report (p. 306), it seemed to be the general impression among shippers who filed complaints with the Committee that the conference lines—

so completely dominate the shippers with whom they deal that these shippers can not afford, for fear of retaliation, to place themselves in a position of active antagonism to the lines by openly giving particulars of their grievances.

While admitting their many advantages, the Committee is not disposed to recognize steamship agreements and conferences, unless the same are brought under some form of effective government supervision. To permit such agreements without government supervision would mean giving the parties thereto unrestricted right of action.

Abuses exist, and the numerous complaints received by the Committee show that they must be recognized. In nearly all the trade routes to and from the United States the conference lines have virtually a monopoly of the line service.

All monopolies—

As pointed out in the foregoing report (p. 304)—

are liable to abuse, and in our foreign carrying trade the monopoly obtained by the conference lines has not been subjected to any legal control. While carriers by land are supervised and must conform to statutory requirements in the matter of rates and treatment of shippers, steamship companies, through private arrangements, have secured for themselves monopolistic powers as effective in many instances as though they were statutory. Even granting the advantages claimed for steamship conferences and agreements, all may be withdrawn in the absence of supervisory control without the shippers having any redress or protection. The lines are under no legal obligation to continue these advantages. They exercise their powers as private combinations and are apt to abuse the same unless brought under effective government control.

The Committee believes that the disadvantages and abuses connected with steamship agreements and conferences as now conducted are inherent, and can only be eliminated by effective government control; and it is such control that the Committee recommends as the means of preserving to American exporters and importers the advantages enumerated, and of preventing the abuses complained of.

The consensus of opinion (see pp. 307 to 308 of the Report)—

As expressed in the testimony of witnesses and in the numerous communications received by the Committee from shippers—

is overwhelmingly in favor of some form of government regulation of steamship carriers engaged in this country's foreign trade. Nearly all the steamship line representatives, who appeared before the Committee, expressed themselves as not opposed to government supervision which is reasonable and which is limited to the requirements of full publicity and approval of all agreements or arrangements which steamship lines may have entered into with other steamship lines, with shippers, or with other carriers and transportation agencies. On the other hand, the shippers who appeared as witnesses, or otherwise submitted recommendations for proposed legislation, were in the great majority of instances favorable to a comprehensive system of government supervision, sufficiently broad to embrace the regulation of rates without actually fixing them, the approval of contracts, agreements, and arrangements, and the general supervision of all conditions of water transportation which vitally affect the interests of shippers. While few of the shippers who communicated with the Committee by letter (and the same may be said of witnesses) attempted to specify

the details of their recommendations, they are almost a unit in stating that they are convinced of the desirability of having the Interstate Commerce Commission, or a similar commission, exercise a general supervisory power over foreign water carriers and enforce among the conference lines at all times the various contentions which they have claimed for themselves during the hearings before the Committee. It is noteworthy that only five of the many communications received by the Committee, which were unfavorable to steamship agreements and conferences as now conducted, display an attitude of hostility toward government regulation. In fact, many of the communications received from shippers make it clear that the writers regard the contentions of the conference line representatives as advantageous to shipper and shipowner if they are honestly and fairly carried out, but state that their experience has been to the effect that, once the combination of lines is established, it is apt to be used in an arbitrary and unfair way by favoring some large corporation or friend to the detriment of other shippers. Such discriminations and arbitrary treatment, it is believed, can only be eliminated by the establishment of some legally constituted authority which is empowered to hear complaints and to order the discontinuance of abuses.

Relative to such supervisory control by the government of steamship carriers in the foreign trade of the United States, the Committee offers the following recommendations:

(1) That navigation companies, firms or lines engaged in the foreign trade of the United States be brought under the supervision of the Interstate Commerce Commission as regards the regulation of rates, the approval of contracts entered into with other water carriers, with shippers, or with American railroads and other transportation agencies, and such other conditions of water transportation as affect the interests of shippers. The Committee has had under consideration the recommendation of a separate Commission for this purpose, but believes that, in view of the close relations existing between rail and water transportation, it would be best to entrust the supervisory control to the Interstate Commerce Commission. If found necessary, in view of the added duties involved in the extension of the Interstate Commerce Commission's jurisdiction to water transportation in accordance with the recommendations to follow, the Committee further recommends that the membership of the Commission be enlarged.

(2) That all carriers engaged in the foreign trade of the United States, parties to any agreements, understandings, or conference arrangements hereinafter referred to, be required to file for approval with the Interstate Commerce Commission a copy of all written agree-

ments (or a complete memorandum if the understanding or agreement is oral) entered into (1) with any other steamship companies, firms, or lines engaged directly or indirectly in the American trade, or (2) with American shippers, railroads or other transportation agencies. All modifications and cancellations of such agreements or understandings as may be made from time to time should also be promptly filed. The Commission should be empowered to order canceled any such agreements, or any parts thereof, that it may find to be discriminating or unfair in character, or detrimental to the commercial interests of the United States.

(3) That the Interstate Commerce Commission be empowered to investigate fully complaints charging the unreasonableness or unfairness of rates, or to institute proceedings on its own initiative, and to order such rates changed if convinced that the rate under consideration is unreasonably high, or discriminating in character as between shippers, or ports, or between exporters of the United States and their foreign competitors; and to order restitution to shippers of all sums collected in excess of reasonable rates. This recommendation is also intended to extend to the supervision of freight classifications used by the lines, and the investigation of complaints charging refusal on the part of any carrier to properly adjust the rates between classes of commodities.

The committee realizes that the steamship business differs essentially from that of the railroads (for those differences see pp. 309 to 311 of the Report), and that it might prove injurious to both ship owners and American exporters to require the lines to file their rates and not be permitted to lower the same until after a stipulated period of notice to change rates had been given. On the other hand, the committee feels that in the absence of government control steamship combinations may in many instances have it within their power to arbitrarily raise rates to an unreasonable degree both as regards the general level and in the case of particular commodities; or, if they so desire, to fail in maintaining rates from the United States to foreign markets on a parity with those from other countries. It is not the purpose of this recommendation to prevent steamship lines from promptly lowering their rates to meet competitive conditions and thus to favor American exporters, who, in competing with foreign markets, often find it necessary in order to close their contracts to have quoted an immediate and favorable rate; but the purpose of the law

should be to protect the shipper against any unreasonably high rate which the combination lines may have within their power, by virtue of their agreements and conference arrangements, arbitrarily to impose in the absence of government supervision and control.

(4) That rebating of freight rates to shippers be made illegal; and that, with due regard to the proper loading of the vessel and the tonnage available, discrimination between shippers, or ports, in the matter of rates and space accommodations be prohibited. In this connection it is the belief of the committee that water carriers should be required to charge equal rates to all shippers, irrespective of the volume of freight offered for shipment.

(5) That the Interstate Commerce Commission be empowered to investigate fully all complaints (or to undertake such investigation on its own initiative) charging (1) failure on the part of any carrier to give reasonable notice of increase in rates, (2) unfair treatment of shippers in the matter of cargo space and other facilities, (3) the existence of discriminating or unfair contracts with certain shippers, and (4) unfairness in the settlement of claims and indifference to the landing of freight in proper condition. In this connection the Commission should be empowered to order the discontinuance of all unfair or discriminating practices which it may find to exist, and to adopt whatever measures it may deem necessary to protect the complainant against retaliation.

(6) That the use of "fighting ships" and deferred rebates be prohibited in both the export and import trade of the United States. Moreover, all carriers should be prohibited from retaliating against any shipper by refusing space accommodations when such are available, or by resorting to other unfair methods of discrimination, because such shipper has patronized an independent line, or has filed a complaint charging unfair treatment, or for any other reason.

(7) That adequate penalties be provided to correct and prevent the abuses hereinabove set forth.

RECOMMENDATIONS RELATING TO WATER CARRIERS ENGAGED IN THE DOMESTIC TRADE.

Unlike the practice of water carriers in the foreign trade of the United States, agreements to divide the territory or charge certain rates in the domestic trade are few. Competition in rates between domestic water lines, however, has been quite as effectively eliminated

as in the foreign trade and this has been accomplished by the several lines through one or more of the numerous methods discussed in Part II of the foregoing report and summarized on pp. 409 to 412. (Also see pp. 403 to 412 giving a "summary of the extent and methods of control of competition between water carriers in the domestic trade.")

The Act of August 24, 1912, providing for the opening, maintenance, protection and operation of the Panama Canal, contains provisions extending the jurisdiction of the Interstate Commerce Commission over interstate transportation which involves the carriage of property by rail and water, in the following particulars; viz, (1) to establish physical connection, where this is reasonably practicable and justifiable, between the rail carrier and the dock of the water carrier by directing either or both of the carriers to construct the connecting tracks; (2) "to establish through routes and maximum joint rates over such rail and water lines, and to determine all the terms and conditions under which such lines shall be operated in the handling of the traffic embraced"; and (3) "to establish maximum proportional rates by rail to and from the ports to which the traffic is brought, or from which it is taken by the water carrier, and to determine to what traffic and in connection with what vessels and upon what terms and conditions such rates will apply." Section 11 of the Act also provides for the divorcing of common carriers by water from the railroads under certain conditions. These legislative requirements go far toward eliminating some of the undesirable practices which were found by the Committee to exist in the domestic commerce of the United States. The Committee, however, believes, in view of the facts presented in Part II of the report, that additional legislation is required, and wishes to offer the following recommendations:

(1) That the jurisdiction of the Interstate Commerce Commission be extended to the interstate port-to-port traffic of domestic water carriers, with full power to require all such carriers to file their port-to-port rates and to submit reports of their financial and business operations. As regards interstate port-to-port traffic the Commission should be given full power to regulate rates and to determine maximum charges.

(2) That water carriers be required to file for approval with the Interstate Commerce Commission all agreements or arrangements

affecting interstate transportation, whether written or oral, and all modifications or cancellations thereof, with other water carriers, with railroads or other transportation agencies, or with shippers.

(3) That the carriers be prohibited from granting rebates of any kind to shippers and from discriminating between shippers in rates, in the giving of space accommodations and other facilities, and in the making of unfair contracts based on the volume of freight offered. Water carriers should also be prohibited from using fighting ships, or deferred rebates, or from threatening or resorting to retaliatory or other unfair measures against shippers or competitors. The Interstate Commerce Commission should be empowered to adopt whatever measures it may consider necessary to protect shippers or competitors against such retaliatory methods. Water carriers, if cutting rates with a view to driving out a competitor, should be denied the privilege of restoring rates; and jurisdiction should be conferred on the Interstate Commerce Commission to determine whether rates were cut with the object of crushing such competitor.

(4) That the Interstate Commerce Commission be empowered to investigate fully all complaints charging unfairness in the settlement of claims, and indifference to the loading and landing of freight in proper condition; and to adopt all necessary rules and regulations for the adjustment and settlement of claims.

(5) That as regards all matters relating to Interstate transportation, all traffic associations or conferences, whether pertaining to through rail-and-water transportation or to port-to-port traffic only, be brought under the supervision of the Interstate Commerce Commission. The Committee recommends that the conditions under which an outside water carrier is admitted to such associations or conferences should be approved by the Commission, and that an outside line should not be denied membership for unfair reasons or simply because the unanimous consent of existing members of the association or conference to the admission of said line cannot be obtained.

(6) That the railroads be prohibited from making the through rail-and-water route unprofitable as compared with the all-rail route by charging more for the same service on water-borne commodities than they charge for the proportionate share of the all-rail haul.

(7) That the Interstate Commerce Commission be empowered to compel railroads to allow competitive water carriers to apply effective

differentials. The Commission should also have full supervisory power over divisions between railroads and water carriers as regards through rail-and-water rates. The Committee recommends that rate divisions on any trade route should be opened equally to all water carriers that comply with such conditions of quality and regularity of service as the Commission may determine to be reasonable.

(8) That the railroads and water carriers be required to issue through bills of lading to all interstate water carriers that meet such conditions of quality and regularity of service as the Interstate Commerce Commission may consider reasonable.

(9) That railroads be required to account separately to the Interstate Commerce Commission for the income and expenditures of interstate water lines owned or controlled by them.

(10) That railroads be required to make their terminal facilities available to water carriers on equal terms and under such reasonable conditions as the Interstate Commerce Commission may prescribe. The Committee also believes that the Federal Government should pursue a policy of not expending money in the interests of any port for harbor or channel improvements, unless that port has efficient dock facilities available to all water carriers.

(11) That there should be legislation providing for equal treatment to all shippers and water carriers by transfer and lighterage concerns when forming a link in interstate or foreign commerce.

(12) That all interstate traffic on canals be placed under the supervision of the Interstate Commerce Commission; and that the railroads be prohibited in the future from acquiring, either directly or indirectly, ownership and control of or interest in canals, or water lines, forwarding companies and other navigation facilities on such canals, when the same are used in interstate transportation.

Respectfully submitted.

J. W. ALEXANDER,
Chairman.

SUBJECT INDEX.

A.

Adjudication of disputes under agreements. (<i>See</i> Arbitration.)	
Admission of new lines:	Page.
Mediterranean westbound freight agreement of 1911.....	80-81
Passenger conferences.....	45
Advantages of agreements and conferences. (<i>See</i> Agreements in general.)	
Africa:	
Agreements in the American-African trade.....	91-102
North African ports, relations between lines operating to.....	100-102
South and East Africa, practically no return cargo to the United States from.....	93-94
West Coast of Africa, agreement between lines operating to the.....	97-100
African Steamship Co.:	
Agreement in the trade to the west coast of Africa, a party to.....	98
Agents:	
Regulation of, through agreements in the passenger traffic.....	43-44
Agreements. (<i>See</i> Agreements in general; Agreements, passenger; Agreements, freight; Conferences.)	
Agreements (in general):	
Administration of passenger agreements.....	44-45
Admission of new lines to passenger conferences.....	45
Advantages of, summarized.....	295-303
Advantages of—	
American and European rates to foreign markets kept on a parity.....	298- 299, 301-302
Economic distribution of the cost of service.....	302-303
Elimination of weaker lines prevented.....	300-301
Greater security to invested capital in the steamship business and advantages resulting therefrom.....	297
Reduction in the cost of service.....	302
Regularity of service.....	295-296
Stability of rates.....	297-300
Uniform rates secured to all merchants.....	300
Agents, regulation of, in the passenger traffic.....	43-44
Allotting the ports of sailing.....	284-285
Alteration of existing passenger agreements, rules governing.....	45
Circulars and publications, regulations concerning the issuance of, in the passenger traffic.....	42-43
Competition of nonconference lines in the passenger traffic, methods of meeting.....	45-46
Competition between conference and nonconference lines, met through agreement.....	287-293
Competition between conference lines, regulated by agreement.....	282-286
Conferences or groups of lines, agreements between.....	286
Contracts with shippers, classification of.....	290-292
Joint contracts by conference lines.....	290
Contracts made by individual members of the conference.....	290-291
Contracts with large shippers at special rates.....	291-292
Corrective measures adopted by lines exceeding their passenger percent- ages.....	40-41

Agreements—Continued.	Page.
Deposits as a guarantee of good faith.....	286-287
Disadvantages of, summarized.....	304-307
Arbitrary determination of rates.....	305-306
Arbitrary increase in rates without due notice to the trade.....	306
Contracts based on large quantities of freight opposed.....	307
Control of shippers who fear retaliation.....	306
Deferred rebate systems opposed.....	307
Failure to publish tariffs or classifications by certain lines opposed...	307
Methods of competition used.....	304-305
Monopolistic nature of conferences and agreements.....	304-306
Possible abuse of monopolistic powers.....	304
Secrecy of conferences and agreements opposed.....	307
Disputes, adjudication of, under passenger agreements.....	44-45
Fighting ships, or collective competition, used by conference lines.....	289-290
Guaranties and penalties adopted for the enforcement of passenger agree- ments.....	42
Methods of control exercised through agreements, summarized.....	281-295
North Atlantic freight agreements—	
General nature of.....	53-57
Classification of, in the eastbound trade.....	55-56
North Atlantic freight traffic, classification of agreements in the.....	59-61
Number of, in the American foreign trade.....	281
Oral understandings, prevalence of.....	293-294
Pooling agreements (in general).....	285-286
Publicity of agreements.....	311-313
Rate agreements.....	282-284
Differential rate agreements.....	283
Dominant line controls rates in certain trades.....	283-284
Fixed-rate agreements.....	282
Minimum-rate agreements.....	282-283
Restricting the number of sailings of each signatory.....	285
Secrecy of agreements.....	2-3, 25, 59, 84, 85, 293-295, 307, 311-313
Settlements in passenger pool agreements, manner of effecting.....	40
South Atlantic ports, general absence of agreements in the trade from South Atlantic ports to Europe.....	57-59
Volume of freight which certain lines may carry limited by agreement....	285
Agreements (freight):	
(See also Railroad agreements with steamship lines.)	
Africa.....	91-102
Relations between lines operating to north African ports.....	100-102
Relations between lines operating to south and east Africa.....	91-97
Relations between lines operating to the west coast of Africa.....	97-100
Asia.....	109-152
Calcutta-Pacific Conference agreement.....	142-145
Eastbound and westbound agreements, via Suez.....	108-112
India—	
Understanding between direct lines to and from New York.....	122-124
Relations among lines operating between United States and India via Europe.....	124-126
Agreements in the Japan-Hawaii and Japan-Philippine trade.....	141-142
Java, agreements in the American-Java trade.....	127
Trans-Pacific lines, agreements among the.....	128-145
Trans-Pacific Tariff Bureau, eastbound, threatened disruption of.....	134-137
Trans-Pacific Tariff Bureau (Hongkong and China branch).....	128-129, 133-134
Trans-Pacific Tariff Bureau (Japan branch).....	128-129, 130-132
Trans-Pacific Tariff Bureau (westbound).....	138-139
Understanding between Pacific Mail Steamship Co. and Toyo Kisen Kaisha, westbound from San Francisco.....	139-141
Australia.....	103-108
Direct shipments from New York to Australasian ports.....	103-105, 282
Indirect shipments from New York to Australasian ports.....	105-106
Trans-Pacific lines to Australasia.....	106-107
Central America.....	191-203
Conference of West India Atlantic Steamship Cos.....	200-203

Agreements (freight)—Continued.	Page.
Europe.....	53-90
Levant, freight agreements among lines in the American-Levant trade.	86-89
Mediterranean freight agreements—	
Westbound freight traffic agreement of 1911.....	78-82
Eastbound freight agreement.....	82-83
Other Mediterranean freight agreements.....	84-85
North continental—	
Passenger agreement G in its relation to the freight traffic of the signatories.....	29
Agreement N in relation to the freight traffic of the Austro-Americana.....	30-31
Antwerp, agreement between International Mercantile Marine Co. and the Phoenix Line, with reference to.....	67-69
Baltic freight agreements.....	71-78, 282
Channel ports, minimum rate agreements among channel port lines.	70
Eastbound agreements, nonexistence of.....	70-71
Hamburg-American Line and North German Lloyd, agreement between, as regards sailings from American ports north of Savannah to Hamburg and Bremen.....	71
N. D. L. V. passenger agreement in its relation to the freight traffic of the signatories.....	28
N. D. L. V. westbound freight agreement.....	65-67, 282, 284
Northern International Transoceanic Traffic Association.....	76-77
Norway, relations between lines operating to and from.....	78
Rotterdam, agreement between Holland-American Line and Russian East Asiatic Steamship Co., with reference to.....	69
United Kingdom.....	61-65
Minimum eastbound rate agreements.....	61-65
Minimum westbound rate agreements.....	65
Mexico.....	189-191, 195-203
South America.....	153-188
Brazil.....	154-169
Agreement between Brazilian conference and River Plate conference lines to respect each other's territory.....	175
Brazilian-European agreement.....	154-159
Brazilian-American agreement.....	155-159
Understanding between the Booth Line and the three conference lines operating to and from southern Brazil.....	169-170
Colombian ports on the Caribbean Sea, agreements governing traffic to and from.....	176-180
River Plate—	
Agreements in the trade between the United States and the River Plate.....	170-175
Agreement between Brazilian conference and River Plate conference lines to respect each other's territory.....	175
Understanding among lines operating from New Orleans to the River Plate.....	171
Venezuela and Curacao, agreement governing the traffic to and from.	175-176
West coast of South America via Panama.....	180-184
West coast of South America via the Straits of Magellan.....	184-188
West Indies.....	205-238
Cuba.....	205-212
Haiti and Santo Domingo.....	212-214
Jamaica.....	214-218
Trinidad.....	218-219
Martinique, Guadeloupe, Barbados, and Bernuda.....	219-225
Agreements (passenger).....	21-51
Barbados, oral passenger-rate agreement between lines calling at.....	224
General classification of.....	24-26
General nature and purpose of, in the North Atlantic trade.....	22-25
Mediterranean passenger agreements.....	35-39
Mediterranean steerage traffic agreement of 1909.....	35-37
Special agreement A.....	38
Special agreement B.....	39

	Page.
Agreements (passenger)—Continued.	
N. D. L. V. and affiliated passenger agreements.....	26-31
N. D. L. V. agreement.....	26-28
Agreement G.....	29-30
Agreement J.....	30
Agreement L.....	28-29
Agreement N.....	30-31
North Atlantic trade, chart showing the lines which are parties to passenger agreements.....	opposite p. 22
Trans-Pacific Tariff Bureau, westbound.....	142
United Kingdom and north European ports, agreements relating to.....	31-34
Agreement AA.....	31-33
Agreement W.....	33-34
Agreement V.....	34
Alaska:	
Nome route.....	351
Puget Sound, trade to and from.....	351-356
Southeastern route.....	352
Southwestern route.....	351-352
Steamship consolidations in the trade to and from.....	352-356
Yukon River route.....	352
Alaska Coast Co.:	
Marine interests, extent of.....	356
Pacific Alaska Navigation Co. controls the.....	356
Southwestern Alaska route, service on the.....	352
Alaska Pacific Steamship Co.:	
Pacific coast service of.....	347, 348
Pacific Navigation Co., traffic agreement between.....	347, 349
Railroads, relations between.....	349
Rate cutting by the.....	350-351
Alaska Packers' Association.....	354
Alaska Steamship Co.:	
Humboldt Steamship Co., former traffic relations between.....	355
Juneau Steamship Co., one-half of its capital stock owned by the.....	353
Juneau Steamship Co., traffic arrangement between.....	353
Ketchikan Wharf Co., one-half of its capital stock owned by the.....	353
Marine interests, extent of.....	353
Nome route service.....	351
Northern Navigation Co., traffic arrangement between.....	354
Pacific Coast Steamship Co., former traffic arrangements between.....	353
Southeastern Alaska route, service on the.....	352
Southwestern Alaska route, service on the.....	352
White Pass and Yukon route controlled in part by the.....	354-356
Western Alaska Steamship Co.'s stock to the extent of one-third owned by the.....	353
Alexander & Baldwin (Ltd.):	
Inter-Island Steam Navigation Co. controls.....	367
Matson Navigation Co., Alexander & Baldwin a large stockholder in the... ..	368
Allan Line:	
Agreement AA, a party to.....	31
Agreement V, a party to.....	34
Agreement W, a party to.....	33
Glasgow Conference, a member of.....	63
Liverpool Conference, a member of.....	63
London Conference, a member of.....	62
Philadelphia & Reading Ry. Co., agreement between.....	246-247
American and African Steamship Line, South and East African freight agreement, a party to.....	91
American-Asiatic Steamship Co., eastbound and westbound Asiatic agreements, via Suez, a party to.....	111-112
American Atlantic Conference (freight).....	59-60
American Atlantic Conference (passenger).....	46-48
American & Australian Steamship Line:	
Direct New York-Australian lines, agreements with.....	103
White Star Line, agreement with, in the New York-Australasian trade..	105-106

American & Cuban Steamship Co.:

Not a party to any agreement or understanding in the American-Mexican trade.....	Page. 189
Position in the trade to and from Tampico.....	189
Service between New York and Havana.....	205

American-Hawaiian Steamship Co.:

Agreement or understanding in the American-Mexican trade, not a party to any.....	189
Agreements; none with other transportation companies.....	357-358
Hawaiian service of.....	365-366
Marine interests, extent of.....	357
Matson Navigation Co., charter relations between.....	366
New York and Puerto Mexico, nature of service between.....	191
Pacific coast service of.....	347, 348
Panama R. R. Steamship Co., comparison of rates charged.....	362-363
Panama Railroad Co., relations between.....	363-365
Tehuantepec National Ry. Co., traffic agreement between.....	357
Tehuantepec route.....	357-358

America-Levant Line, position in the American-Levant trade 85-87**American Line:**

Agreement L, a party to.....	28
Agreement V, a party to.....	34
Agreement W, a party to.....	33
Liverpool Conference, a member of	63
Minimum rate agreement from Channel ports, a party to	70
Special agreement A, a party to.....	38

American & Indian Line; represents joint service to and from India of the Hansa Line and Bucknall Steamship Lines (Ltd.)..... 122-124**American & Manchurian Steamship Line; westbound Asiatic agreement via Suez, a party to.....** 111-112**American & Oriental Line; eastbound and westbound Asiatic agreements, via Suez, a party to.....** 110-112**American & Rio Plata Line; River Plate agreement (southbound), a party to..** 170**Anchor Line:**

Agreement AA, a party to.....	31
Agreement V, a party to.....	34
Agreement W, a party to.....	33
Glasgow Conference, a member of.....	63
Mediterranean steerage agreement of 1909, a party to.....	35
Mediterranean westbound freight agreement of 1911, a party to.....	79
Special agreement A, a party to.....	38
Special agreement B, a party to.....	39

Anglo-American Oil Co.; eastbound and westbound Asiatic agreements, via Suez, a party to..... 111-112**Antwerp; International Mercantile Marine Co. and Phoenix Line, agreement between, relative to.....** 68-69**Apcar Line; Calcutta-Pacific Conference, a member of.....** 143**Arbitration of disputes:**

In general.....	44-45
Agreement between Hamburg-American Line and Royal Dutch West India Mail Line in the Haitian trade.....	213
Brazilian-American agreement.....	158
Eastbound and westbound Asiatic agreements, via Suez.....	119
Mediterranean westbound freight agreement of 1911.....	81-82
West coast of Africa trade agreement.....	100

Arbuckle Bros.; statement concerning discriminatory practices of Brazilian Conference lines..... 166-168**Argentina. (See River Plate.)****Arnold Transit Co.....** 332**Ashley & Dustin Steamer Line.....** 332**Asia:**

Agreements in the American-Asiatic trade.....	109-152
American trade via the Atlantic compared with trade via the Pacific.....	110
Lines operating between the United States and Asia, via Suez	110-111

Atchison, Topeka & Santa Fe Ry. Co.:

Pacific Mail Steamship Co., through routing arrangement with.....	148
Replies to Committee's Schedule of Inquiries relative to agreements with navigation companies.....	275

	Page.
Atlantic Coast Line R. R. Co.:	
Chesapeake Steamship Co. owned in part by the.....	387
Old Dominion Steamship Co.'s stock owned in part by the.....	386
Peninsular & Occidental Steamship Co. owned in part by the.....	388
Atlantic coastwise trade. (<i>See</i> New England coastwise trade,; Middle and South Atlantic coastwise trade; and Gulf coastwise trade.)	
Atlantic Conference (freight)	59-60
Atlantic Fruit & Steamship Co.:	
American-Mexican trade, not a party to any agreement or understanding in the.....	189
New York and Jamaica, service between.....	214-215
Nicaragua, position in the trade to and from.....	193
Atlantic & Mexican Gulf Steamship Co.:	
American-Mexican trade, not a party to any agreement or understanding in the.....	189
Discontinuance of service from Texas ports to Tampico and Vera Cruz....	190
Atlantic, Gulf & West Indies Steamship Lines:	
Eastern Steamship Corporation, relations between.....	380
Lines owned by the.....	383-386
Marine interests, extent of.....	369, 384, 385, 403
Morgan Line, close relations between.....	390-391
Organization of the.....	385
Atlantic Transport Line:	
Agreement V, a party to.....	34
London Conference, a member of.....	62
Minimum rate agreement from Channel ports, a party to.....	70
Austin, Calvin, testimony of, in relation to the relations between the New Haven system's water lines and Eastern Steamship Corporation.....	381
Australasia:	
Agreements in the direct trade from New York to Australasian ports ...	103-105
Agreements in the indirect trade from New York to Australasian ports..	105-106
Relations between the trans-Pacific lines.....	106-107
Return cargo to the United States.....	107-108
Australian Mail Line, discontinuance of regular service in the Australasian trade.....	106-107
Austro-Americana:	
Agreement N, a party to.....	30
Cunard Line, minimum freight rate agreement between, in the Adriatic freight traffic.....	85
Special agreement B, a party to.....	39

B.

Baldwin Locomotive Works, contract with Brazilian lines.....	160
Baltic freight agreements.....	71-78
Baltimore; railroad agreements with foreign steamship lines at.....	246-248
Baltimore & Carolina Steamship Co.:	
Marine interests, extent of.....	383
Railroads' refusal to prorate with.....	388-389
Route of.....	382, 388
Baltimore & Philadelphia Steamship Co.:	
Marine interests, extent of.....	383
Route of.....	382, 388
Baltimore Steam Packet Co.:	
Marine interests, extent of.....	383, 387
Route of.....	382
Seaboard Air Line Railway Co. owns the.....	387
Bank Line:	
Calcutta-Pacific Conference, a member of.....	142
Railroad agreements, none entered into by the.....	152
Trans-Pacific Tariff Bureau (Hongkong and China branch) a member of..	128
Trans-Pacific Tariff Bureau (Japan branch), a member of.....	131
Trans-Pacific Tariff Bureau (westbound), a member of.....	138
Barbados:	
Conditions in the trade to and from.....	219-222
Oral passenger-rate agreement between lines calling at.....	224
Relations between the lines in the American-Barbados trade.....	223

	Page
Barber, H., testimony of, relative to:	
Abandonment of deferred rebate system in the South and East African trade.....	95
Deferred rebates in the northbound trade from the River Plate.....	174
Barber Asphalt Paving Co., contract with Brazilian lines.....	160
Barber Line:	
Eastbound Asiatic agreements, via Suez, a party to.....	110-112
River Plate agreement (northbound), a party to.....	174
River Plate agreement (southbound), a party to.....	170
Barnes, J. H., testimony of, relative to:	
Great Lakes rates on ore dictated by the United States Steel Corporation.	344-345
Policy of railroads not to improve the package-freight service on the Great Lakes.....	331
Policy of the railroads to charge full local rates east of Buffalo to the sea-board on ex-lake grain.....	322
Railroad control of the Great Lakes package freight.....	320
Railroad control of terminals on the Great Lakes.....	324
Reduction of the differential between all-rail and lake-and-rail rates.....	330
Beck, C. J., testimony of, relative to:	
Agreements between Hamburg-American Line and Royal Dutch West India Mail Line in the Haitian trade.....	214
Agreements between the Royal Mail Steam Packet Co. and the Hamburg-American Line in the West Indian and Central American trade.....	179
Caribbean Conference.....	208
Relations between the Hamburg-American Line and the New York & Cuba Mail Steamship Co. in the trade to and from south Cuban ports.....	207-208
Becker, W. H., manager of various Great Lakes steamship companies.....	340
Belgium:	
Antwerp, agreement between International Mercantile Marine Co. and Phoenix Line, with reference to.....	68-69
N. D. L. V. westbound freight agreement.....	65-67
Benton Transit Co.....	332
Bering Sea route.....	351
Bermuda: conditions in the trade to and from New York.....	222-223
Bermuda Atlantic Steamship Co., service between New York and Bermuda...	222
Bingham, R., report relative to the relations between steamship lines operating on the west coast of South America.....	183
Boissevain, R. W., testimony of, relative to:	
Dominant position of the United Fruit Co. in the American-Central American trade.....	191-193
Relations of United Fruit Co. to the Hamburg-American Line and the Royal Mail Steam Packet Co. in the Caribbean trade.....	179
Boland & Cornelius, managers of various Great Lakes steamship companies....	340
Bombay-American Line; represents joint service of the Hansa Line, Bucknall Steamship Lines (Ltd.), and Andrew Weir & Co.....	125-126
Booth Line; conference lines operating to and from southern Brazil, tacit understanding between.....	169-170
Boston:	
Agreements between railroads and foreign steamship lines at.....	242-246
Atlantic coastwise services to and from.....	370
Boston & Havana Steamship Co.:	
Munson Line acts as agent for.....	209
Service between Boston and Cuba.....	208-209
Boston & Maine R. R. Co.:	
Dominion Line, agreement between.....	242, 243
Furness, Withy & Co., agreement between.....	242, 243
Hamburg-American Line, agreement between.....	242, 244-245
Hamburg-American Line, copy of agreement between.....	259-261
Holland-American Line, agreement between.....	242, 243-244
Boston & Yarmouth Steamship Co.:	
Eastern Steamship Corporation acquires the.....	378
Marine interests, extent of.....	378
Bouvier, M., testimony of, relative to:	
Relations between lines operating between New York and the west coast of South America, via the Straits of Magellan.....	185-186
United States Steel Corporation receives special rates in the trade to the west coast of South America.....	187

Bray, J. P., report of, relative to agreement between Pacific lines operating from Australia to the United States.....	Page. 108
Brazil:	
Agreements in the American-Brazilian trade.....	154-169
Agreement between Brazilian Conference and River Plate Conference lines to respect each other's territory.....	175
American and European rates on a parity.....	168-169
Conferences governing the trade to and from the United States.....	150-160
Contracts with shippers in the American trade.....	160
Deferred rebates in the trade, northbound.....	160-168
Volume of cargo, northbound.....	162
British & African Steam Navigation Co.; agreement in the trade to the west coast of Africa, a party to.....	98
Brown, A. G., report relative to relations between the Pacific Mail, Kosmos, and Jebsen Lines.....	198
Brunswick; agreement between the Southern Ry. Co. and F. D. M. Strachan with reference to.....	249
Bryan, C. P., report of, on underweighing of freight by Japanese lines.....	135
Buckland, E. G.; testimony of, relative to:	
Eastern Steamship Corporation's acquisition of the New England Navigation Co.'s marine interests.....	379
Long Island Sound lines, reasons why the New Haven System acquired the.....	377-378
Bucknall Steamship Lines (Ltd.):	
Hansa Line, agreement between in the trade to and from India.....	122-124
South and East African freight agreements, party to.....	91
Bull, A. H.:	
Connection with the Porto Rican trade.....	227-233
Testimony of, relative to 10-year bond to remain out of the Porto Rican trade, signed by him.....	227-229
Bull (A. H.) Steamship Co.:	
Insular Line, rate war between.....	229-233
Maine Central R. R. Co. refuses to make a traffic arrangement with the....	401
New York & Porto Rico Steamship Co., rate war between.....	229-233
Protects itself with long-term contracts in the Porto Rican trade.....	238
Service to Porto Rico.....	226

C.

Calcutta. (See Calcutta-Pacific Conference.)	
Calcutta-Pacific Conference	142-145
"Calcutta Lines." (See Calcutta-Pacific Conference.)	
California-Atlantic Steamship Co.:	
Marine interests, extent of.....	358
Panama Railroad Co., traffic arrangement between.....	363-364
Panama service of.....	358
Canada, W.; report relative to relations between the New York & Cuba Mail Steamship Line and trans-Atlantic lines operating to and from Mexico....	190
Canadian-Australian Royal Mail Steamship Line, Australian service of	106-107
Canadian Pacific Ry. Co.:	
Agreement AA, a party to.....	31
Agreement J, a party to.....	30
Agreement V, a party to.....	34
Agreement W, a party to.....	33
Liverpool Conference, a member of.....	63
London Conference, a member of.....	62
Canadian Pacific Ry. Co.'s Royal Mail Line:	
Calcutta-Pacific Conference, a member of.....	142
Trans-Pacific Tariff Bureau (Hongkong & China branch), a member of....	128
Trans-Pacific Tariff Bureau (Japan branch), a member of.....	131
Trans-Pacific Tariff Bureau (westbound), a member of.....	138
Canals, railroad control of.....	408
Capital invested in the steamship business, greater security resulting from agreements and conferences.....	297
Caribbean Sea. (See various countries.)	

	Page.
Central America:	
Agreements in the trade to and from.....	191-203
Conference of West India Atlantic Steamship Cos.....	200-203
Relations between lines operating between New York and the west coast of.....	195
Relations between lines operating between Pacific coast ports of the United States and the west coast of.....	196-200
Central of Georgia Ry. Co., Ocean Steamship Co. owned by the.....	387
Central Vermont Transportation Co.....	381, 383
Chartering of vessels:	
Atlantic coastwise trade, difficulty of, in the.....	392-393
Porto Rican trade, difficulty of chartering in the.....	229-230
Chesapeake & Ohio Ry. Co.:	
Hamburg-American Line, copy of agreement between.....	261-264
Old Dominion Steamship Co.'s stock owned in part by the.....	386
United States Shipping Co., agreement between.....	248-249
Chesapeake & Ohio Steamship Co.:	
Liverpool Conference, a member of.....	63
London Conference, a member of.....	62
Chesapeake Steamship Co.:	
Atlantic Coast Line R. R. Co. owns part of stock of the.....	387
Route of.....	382
Southern Ry. Co. owns part of stock of the.....	387
Chicago Harbor Commission; report relative to railroad control of the Great Lakes package freight service.....	320
Chicago, Milwaukee & St. Paul Ry. Co.; Osaka Shosen Kaisha, agreement between.....	150-151
Chicago, Milwaukee & St. Paul Ry. System; Osaka Shosen Kaisha, copy of agreement between.....	278-279
Chicago, Racine & Milwaukee Line.....	332
Chicago & South Haven Steamship Co.....	331, 333
Chilean Steamship Line; Pacific Steam Navigation Co. and Peruvian Steamship Line, relations between.....	182-184
China Mutual Steam Navigation Co.:	
Calcutta-Pacific Conference, a member of.....	142-143
Northern Pacific and Great Northern Ry. Cos., agreement between.....	148-150
Northern Pacific and Great Northern Ry. Cos., copy of agreement between.....	276-277
Trans-Pacific Tariff Bureau (Hongkong & China branch), a member of...	128
Trans-Pacific Tariff Bureau (Japan branch), a member of.....	131
Trans-Pacific Tariff Bureau (westbound), a member of.....	138
Cleveland & Buffalo Transit Co.:	
Cleveland & Toledo Line, a half interest owned by the.....	332
Service of.....	331, 332
Cleveland & Toledo Line, owned by the Cleveland & Buffalo Transit Co. and Detroit & Cleveland Navigation Co.....	332
Cleveland Cliffs Iron Co., manager of various Great Lakes steamship companies.....	340
Clyde Steamship Co.:	
A. G. W. I. controls the.....	384
Caribbean Conference, a member of.....	208
Lines to Haiti, no agreement between.....	212
Marine interests, extent of.....	383, 384
Only line in the American-Santo Dominican trade.....	212
Routes of.....	382
Services of the.....	385
Coastwise Freight Conference:	
Membership of.....	396
Purposes of.....	396-397
Seaboard & Gulf Steamship Co. refused membership in the.....	397-398
Colombia; agreements governing the traffic to and from ports on the Caribbean Sea.....	176-180
Colonial Navigation Co.....	381
Columbia River, lines on the.....	408
Commissioner of Corporations:	
Report on the coastwise steamship line service to and from New York....	370
Report on railroad control of terminals at Chicago, Duluth, and Buffalo.	323-324
Report on methods of competition used by transcontinental railroads against the Panama route.....	360
Report on the routes between leading Atlantic and Gulf ports.....	370

	Page.
Commissions to agents, regulation of:	
Eastbound and westbound Asiatic agreements, via Suez.....	115
Mediterranean steorage agreement of 1909.....	36
Communications between lines, regulation of:	
Eastbound and westbound Asiatic agreements, via Suez.....	115
Mediterranean westbound freight agreement.....	82
Compagnie Générale Transatlantique:	
Agreement G, a party to.....	29
Agreement L, a party to.....	28
Agreement V, a party to.....	34
Agreement W, a party to.....	33
Channel ports, minimum rate agreement from, a party to.....	70
Conference of West India Atlantic Steamship Companies, a party to.....	200
Special agreement A, a party to.....	38
Compañía Marítima Cubana:	
Munson Line acts as general agent at New York.....	206
New York & Cuba Mail Steamship Co. a stockholder in the	206
New York & Cuba Mail Steamship Co., former agreement between, for a territorial division of Cuban ports.....	205-206, 285
Service to north Cuban ports.....	206
Compañía Transatlántica:	
Conference of West India Atlantic Steamship Companies, a party to	200
Pinillos Line, agreement between.....	84-85
Competition:	
<i>See also</i> Rate wars; Fighting ships; and Rates, determination and maintenance of.	
Atlantic-Gulf coastwise trade, methods of, used in the.....	392-398
Competition between conference lines, regulation of, through agreements..	282-286
Competition between conference and nonconference lines, met through agreements.....	45-46, 287-293, 304-305
Contracts with shippers, through.....	290-292
Disadvantages of, in the steamship business.....	300-301
Fighting ships, or collective competition.....	289-290
Manner of meeting and restricting, under the eastbound and westbound Asiatic agreements, via Suez.....	117-119
Railroad competition with water lines on inland waterways.....	406-408
Conferences (in general):	
<i>See also</i> Conferences; Agreements, in general.	
Advantages of.....	295-303
Disadvantages of.....	304-307
Secrecy of.....	2-3, 59, 84, 85, 293-295, 307, 311-313
Conferences:	
American Atlantic Conference (in the North Atlantic passenger traffic) ...	46-48
American Atlantic Conference (freight)	59-60
Atlantic Conference (freight)	59-60
Asiatic trade—	
Calcutta-Pacific Conference	142-145
Hongkong Conference	121-122
London Conference	121-122
New York Conference	121-122
Singapore Conference	121-122
Trans-Pacific Tariff Bureau (Hongkong and China branch)..	128-129, 133-134
Trans-Pacific Tariff Bureau (Japan branch).....	128-129, 130-132
Trans-Pacific Tariff Bureau (westbound).....	138-139
Australian Conference, of direct lines from New York	105
Brazilian trade—	
London Conference	159-160
New York Conference	159-160
Caribbean Conference	208
Conference of West India Atlantic Steamship Cos.....	200-203
Continental Conference (in the North Atlantic passenger trade)	46-48
Glasgow Conference (freight)	61-65
Liverpool Conference (freight)	61-65
London Conference (freight)	61-65
London Conference (south and east African trade)	95
Manchester Conference (freight)	61-65
Mediterranean Conference (freight)	59-60

Conferences—Continued.	Page.
Mediterranean Conference (in the North Atlantic passenger traffic)	46-48
New York Committee (south and east African trade)	95
North Atlantic Conference (in the North Atlantic passenger traffic)	46-48
River Plate trade, in the	170
South African Homeward Conference	95-96
South African Outward Conference	95-96
Trans-Atlantic Freight Conference	59-60
Consolidations among foreign steamship lines	301
Continental Conference (passenger)	46-48
Contracts with shippers:	
African trade (south and east)	96-97
Asiatic trade, eastbound and westbound agreements, via Suez	116
Brazil trade, in the	160
Classification of such contracts	290-292
Contracts based on large quantities of freight opposed as discriminating in character	307
Contracts by individual conference lines	290-291
Joint contracts by conference lines	290
New York-west coast of South America trade, via Straits of Magellan (southbound)	186-187
Porto Rican trade	236-238
River Plate trade	172-174
Special rates on contracts with large shippers	291-292
Cost of service, reduced through agreements and conferences	302
Creole Line, relation to Mediterranean conference lines	84
Crosby Transportation Co.	331-332
Cuba:	
Agreement between the Munson Line and the Mobile & Ohio and Southern Ry. Cos., with reference to the Mobile-Cuba trade	253
Gulf Foreign Freight Committee	209-212
Rate arrangements in the American-Cuban trade	205-212
Cuban Line, Conference of West India Atlantic Steamship Cos., a party to	200
Cunard Steamship Co.:	
Agreement AA, a party to	31
Agreement V, a party to	34
Agreement W, a party to	33
Austro-Americana, minimum freight rate agreement with, as regards Adriatic freight traffic	85
Channel ports, minimum rate agreement from, a party to	70
Levant-American trade, party to agreement for regulation of this trade	87
Liverpool Conference, a member of	63
London Conference, a member of	62
Mediterranean Conference lines, relation to	84
New York Central & Hudson River R. R. Co., agreement between	242, 245
Special agreement B, a party to	39
Curacao, agreement governing the traffic to and from	175-176
Curtis, F. K., Insular Line owned by	226

D.

Dalles, Portland & Astoria Navigation Co.	408
Daniels, Lorenzo, testimony of, relative to:	
American and European rates on a parity as regards Brazil	168-169
Contracts with shippers in the River Plate trade	173
Parity of American and European rates in the River Plate trade	171
Tacit understanding between the Booth Line and Brazilian conference lines	170
Deferred rebates (in general) (see also Deferred rebates):	
Arguments against	163-168
Arguments in favor of	161-163
Deferred rebate systems in general	287-289
Effectiveness of	163-168
Effect of, in the trans-Pacific trade	129
General attitude of independent steamship interests concerning	313-314
General attitude of steamship interests concerning	313-314
Necessity of, in long-distance trades	54-55
Opposition to	307

	Page.
Deferred rebates:	
African trade, west coast of Africa, none existing in the.....	100
African trade (South and East), none in the.....	95
Asiatic agreements, eastbound and westbound, via Suez.....	117-119
Atlantic-Gulf coastwise trade.....	395-396
Bermuda trade to and from New York.....	222-223, 288
Brazil—	
Brazil-American and European trade.....	287-288
Brazilian trade (northbound), in the.....	157-158, 160-168
In the Brazil-European trade.....	157-158
None in the trade to.....	157
Calcutta-Pacific Conference.....	144-145
Conference of West India Atlantic Steamship Companies.....	200, 201, 203
Harrison Direct Line's rebate circular in the United Kingdom-British Co-	
lumbian and Puget Sound trade.....	90
Jamaican trade.....	215, 288
Martinique and Guadeloupe trade.....	219-222, 288
Mediterranean freight agreement of 1911.....	54, 79-80
New York-Colombian trade, both northbound and southbound.....	178-179, 288
New York-Kingston (Jamaica) trade.....	288
North Atlantic trade, not necessary in the.....	54
River Plate-European trade.....	172
River Plate trade, northbound.....	174-175
Trans-Pacific Tariff Bureau (Hongkong and China branch), none in connec-	
tion with.....	133-134
Trans-Pacific Tariff Bureau (Japan branch).....	131-132
Trinidad trade.....	218
United Kingdom, in the trade between the United Kingdom and Puget	
Sound ports.....	89-90, 288
Delaware, Lackawanna & Western Railroad Co., Mutual Transit Co. controlled	
in part by the.....	317, 318
Department of State, circular submitted to American diplomatic and consular	
officers, under date of April 17, 1912.....	16-17
Deposits as a guarantee of good faith:	
In general.....	42
Mediterranean westbound freight agreement.....	81, 286-287
Detroit & Cleveland Navigation Co.....	331, 333
Diederich, H. W., report of, relative to the port of Antwerp.....	68-69
Differential rate agreements.....	283
Differentials:	
Great Lakes, between lake-and-rail and canal-and-lake rates and all-rail	
rates.....	328-331
Middle and South Atlantic coastwise trade, in the.....	389
Direct Navigation Co., Southern Pacific Co. owns the.....	390
Disadvantages of agreements and conferences. (<i>See</i> Agreements, in general,	
disadvantages of.)	
Discrimination, elimination of, by Government supervision.....	313-314
Discrimination in rates. (<i>See</i> Rates, American and European rates to foreign	
markets on a parity, Contracts with shippers.)	
Division of territory between Royal Mail Steam Packet Co. and Hamburg-	
American Line in the West Indian and Central American trade.....	178
Dollar Steamship Co. not affiliated with other trans-Pacific lines.....	128-129
Dodwell Line; westbound Asiatic agreement, via Suez, a party to.....	110-112
Dominion Line:	
Agreement V, a party to.....	34
Agreement W, a party to.....	33
Boston & Maine Railroad Co., agreement between.....	242, 243
Donaldson Line:	
Agreement W, a party to.....	33
Agreement with railroads at Newport News and Norfolk, a party to.....	248-249
Glasgow Conference, a member of.....	63
Traffic arrangement with railroads centering at Baltimore.....	247-248
Doty, W. F., report on the Northern International Transoceanic Traffic Asso-	
ciation.....	76-77

E.

Eastern Steamship Co.:	Page.
Eastern Steamship Corporation acquires the	378
Marine interests, extent of.....	378
Eastern Steamship Corporation:	
Affiliations with other navigation interests.....	379-380
A. G. W. I., relation between.....	380
Boston & Yarmouth Steamship Co. acquired by the.....	378
Eastern Steamship Co. acquired by the.....	378
Line services of the.....	378-379
Maine Steamship Co. acquired by the.....	378
Marine interests, extent of.....	369, 372, 378, 380, 403
Metropolitan Steamship Co. acquired by the.....	378
New England coastwise trade, dominant position of, in the.....	380-381
New England Navigation Co.'s marine interests acquired by the.....	379
New York, New Haven & Hartford Railroad Co., relations between.....	379-380, 381
Elder Dempster Line:	
Agreement in the trade to the west coast of Africa, a party to.....	98
Harrison and Leyland Lines operating in harmony with.....	57-58
Ellerman Line, Levant-American trade, party to agreement for regulation of this trade.....	87
Erie Canal:	
Forwarding agencies acquired by the railroads.....	325-326
New York Canal Forwarders' Association.....	326
Railroad control of terminal facilities at Buffalo and New York.....	327-328
Railroad control of the.....	324-328, 408
Railroad influence over rates on the.....	326-327
Railroads obtain control of canal boat lines.....	325-326
Through bills of lading, absence of, via the canal.....	327
Through traffic, volume of.....	325
Erie Railroad Co.:	
Erie Railroad Transit Line operated by the.....	317, 318
Mutual Transit Co. controlled in part by the.....	317, 318
Erie Railroad Transit Line, Erie Railroad Co. operates the.....	317, 318
Erie & Western Transportation Co., Pennsylvania Railroad and Northern Central Railway Co. control the.....	317, 318
Escanaba & Gladstone Transportation Co.....	331-333
Europe. (See Agreements (freight), Europe; Agreements (passenger); Conferences.)	

F.

Fabre Line:	
Mediterranean conference lines, generally adheres to the rates of.....	84
Mediterranean freight agreements, not a party to.....	78, 84
Mediterranean freight conference, a member of.....	84
Mediterranean steerage agreement of 1909, a party to.....	35, 36
Mediterranean steerage agreement of 1911, not a party to.....	37
Fighting ships:	
In general.....	289-290
Atlantic-Gulf coastwise trade, use of, in the.....	393-394
N. D. L. V. westbound freight agreement, in connection with.....	66
North Atlantic passenger traffic, use of, in the.....	45-46
Fixed rate agreements.....	282
Florida East Coast Railway Co., Peninsular & Occidental Steamship Co. owned in part by the.....	388
Franklin, P. A. S., testimony of, relative to:	
Filing of rates.....	311
Friendly relations between foreign steamship lines operating from New Orleans and Galveston.....	58-59
Minimum rate agreement from the Channel ports.....	70
N. D. L. V. westbound freight agreement.....	67
Publicity of agreements.....	312
Rates in the eastbound trade to the United Kingdom.....	64
Funch, Edye & Co.:	
Aransas Channel & Dock Co., agreement between.....	257
Louisville & Nashville Railroad Co., agreement between, with reference to Pensacola.....	256 257

	Page.
Furness Line:	
Liverpool Conference, a member of.....	63
London Conference, a member of.....	62
Furness, Withy & Co.:	
Agreement with railroads at Newport News and Norfolk, a party to..	248-249
Boston & Maine Railroad Co., agreement between.....	242, 243
Northern Central Railroad, agreement between.....	247
Philadelphia & Reading Railway Co., agreement between.....	246-247
G.	
Galveston:	
An open port.....	239, 250
Relations between foreign lines operating to Europe.....	57-58
Garrels, A., report of, relative to the Egyptian trade.....	101-102
Gerhard, Paul, testimony of, relative to:	
American and European rates in the River Plate trade, parity of.....	171-172
London Conference in the American-Brazilian trade.....	160
River Plate Conference in the southbound trade.....	170-171
River Plate conference and Brazilian conference lines, understanding between, to respect each other's territory.....	175
South and East African agreement.....	92
German-Australian Steamship Co., Hansa Line, agreement between, in the American-Java trade.....	127
Gilchrist Transportation Co.....	338, 341, 342
Glasgow Conference (freight).....	61-65
Goodrich Transit Co.....	331, 333
Gottheil, Paul, testimony of, relative to:	
Agreement between Hamburg-American Line and North German Lloyd as regards sailings from American ports north of Savannah to Hamburg and Bremen.....	71
American-Java trade, development of.....	127
Baltic pool agreements.....	74
Brazilian trade northbound, volume of.....	162
Determination and maintenance of rates in the New York-Australian trade.	104
Funch, Edye & Co. and the Aransas Channel & Dock Co., agreement between.....	257
Funch, Edye & Co., and the Louisville & Nashville Railroad Co., agreement between.....	257
Panama Railroad & Steamship Co.'s relation to the Caribbean Conference..	208
Parity of American and European rates to south and east Africa.....	95
Publicity of agreements.....	312
Railroads and foreign steamship lines at New York, agreements between..	241-242
Rates and traffic in the direct trade from New York to India.....	123-124
Venezuela and Curacao, rates in the traffic to and from.....	176
Government regulation relative to:	
Carriers engaged in the American-foreign trade.....	307-308
Discrimination, elimination of, between shippers.....	313-314
Publicity of agreements.....	311-313
Rates, impracticability of filing and requiring a period of notice before changing the same.....	309-311
Government suit against Hamburg-American Line et al.....	25
Graham & Morton Transportation Co.....	331-333
Great Lakes:	
Affiliations of lines on the.....	317-346
Bulk carriers, affiliations between.....	341-346
Bulk carriers, consolidations of.....	336-346
Bulk carriers, tendency toward consolidations among the.....	337-341
Differentials between all-rail and lake-and-rail and canal-and-lake rates.	328-331
Erie Canal, control of by the railroads.....	324-328
Lines, number of, on the.....	404
Nonrailroad lines—	
Enumeration of.....	331-336
Rates charged by.....	335-336
Routes of.....	335-336
Railroad attempt to secure control of the through-grain movement.....	320-323
Railroad control of terminals at Buffalo which independent lines are refused access to.....	323-324

Great Lakes—Continued.	Page.
Railroad control of through-package freight.....	317-331
Railroad control of through lake lines and canal forwarding agencies, effects of.....	328-331
Railroad-owned lines—	
Enumeration of.....	317-319
Extent of.....	404, 405
Relations between.....	330
Railroads' policy not to improve the package freight service on the.....	330-331
Railroads' policy to charge full local rates from Buffalo to the seaboard on ex-lake grain.....	320-323
Railroads prevent competition in through-package freight business, methods used.....	319-331
Rates, lake-and-rail and canal-and-lake rates compared with all-rail rates.	328-331
Tendency toward improved steamers, improved loading and unloading facilities, and lower rates in the bulk traffic.....	336-337
Great Lakes Towing Co.....	340-341
Great Northern Railway Co.:	
China Mutual Steamship Co., agreement between.....	148-150
Great Northern Steamship Co. owned by the.....	152
Holt, Alfred, & Co. (representing the Ocean and China Mutual Steamship Cos.), copy of agreement between.....	276-277
Nippon Yusen Kaisha, agreement between.....	151-152
Nippon Yusen Kaisha, copy of agreement between.....	279-280
Ocean Steamship Co., agreement between.....	148-150
Great Northern Steamship Co.:	
Calcutta-Pacific Conference, a member of.....	143
Great Northern Railway Co. owns the.....	152
Trans-Pacific Tariff Bureau (Japan branch), a member of.....	131
Trans-Pacific Tariff Bureau (Hongkong and China branch), a member of..	128
Groves, F. S., testimony of, in relation to:	
Chartering and purchasing of vessels, difficulty of.....	392-393
Employment of individuals in his line's service to divulge information....	394
Fighting ships, use of, in the Atlantic-Gulf coastwise trade.....	393
Marine insurance companies' discrimination against his line.....	395
Philadelphia & Gulf Steamship Co. refused membership in the Southwest- ern Freight Committee.....	397
Rebates, granting of, in the Atlantic-Gulf coastwise trade.....	395-396
Stock subscriptions of his line, opposition to.....	392
Guadeloupe, conditions in the trade to and from.....	219-222
Guarantees of good faith:	
Calcutta-Pacific Conference.....	145
Mediterranean westbound freight agreement.....	81, 286-287
Passenger agreements.....	42
Gulf coastwise trade.....	389-398
A. G. W. I. and Morgan Lines, close relations between.....	389-391
Competition, methods of, used against independent lines in the.....	392-398
Independent steamship lines in the.....	391-392
Lines, enumeration and description of.....	389
Lines, number of, in the.....	404
Railroads' refusal to prorate with independent lines in the.....	400-401
Railroads and steamship lines, traffic relations between.....	398-401
Gulf Foreign Freight Committee.....	209-212
Gulf Steamship Co.:	
Fighting ships, use of, by the.....	393-394
Southern Pacific Co. owns the.....	390

H.

Hagemeyer Trading Co., R. P. Houston & Co., contract between, in the River Plate trade.....	172-173
Haines, H. H., testimony of, relative to:	
Rates in the Galveston-Porto Rican trade.....	235-236
Relations between foreign lines operating from Galveston to Europe.....	57-58
Haiti, agreement between Hamburg-American Line and Royal Dutch West India Mail Line, relative to.....	212-214

	Page.
Halm, W. E., testimony of, relative to:	
South and East African agreement.....	92
American and European rates to South and East Africa, parity of.....	94-95
American and European rates in the River Plate trade, parity of.....	172
Contracts with shippers in the River Plate trade.....	173
Hamburg-American Line:	
Agreement AA, a party to.....	31
Agreement G, a party to.....	29
Agreement L, a party to.....	28
Agreement J, a party to.....	30
Agreement N, a party to.....	30
Agreement V, a party to.....	34
Agreement W, a party to.....	33
Agreement between southern railroad companies at Newport News and Norfolk and the United States Shipping Co.....	248-249
Agreement in the trade to the west coast of Africa, a party to.....	97
Baltic pool agreements, a party to.....	72
Booth Line, tacit understanding between, as regards the Brazilian trade..	169
Boston & Maine Railroad Co., agreement between.....	242, 244-245
Boston & Maine Railroad Co., copy of agreement between.....	259-261
American-Brazilian agreement, a party to.....	154
Brazilian-European agreement, a party to.....	154
Caribbean Conference, a member of.....	208
Chesapeake & Ohio, Norfolk & Western, and Southern Railway Cos., copy of agreement between.....	261-264
Conference of West India Atlantic Steamship Companies, a member of...	200
Mediterranean steerage agreement of 1909, a party to.....	35
Mediterranean westbound freight agreement of 1911, a party to.....	79
N. D. L. V. and affiliated passenger agreements, a party to.....	26
N. D. L. V. westbound freight agreement, a party to.....	65
New York & Cuba Mail Line, former rate understanding between, in the New York-Cuban trade.....	206
New York & Cuba Mail Line relations between, in the south Cuban trade.....	207-208
Northern International Transoceanic Traffic Association, a member of.....	76
North German Lloyd, agreement with, as regards sailings from American ports north of Savannah to Hamburg and Bremen.....	284, 71
Philadelphia & Reading Railway Co., agreement between.....	246-247
Royal Dutch West India Mail Line, agreement between, in the New York-Haitian trade.....	212-214
Royal Mail Steam Packet Co., agreements between, as regards the Central American and West Indian traffic.....	177-179
Royal Mail Steam Packet Co., agreement between, with respect to Haiti..	214
Royal Mail Steam Packet Co., agreement between, with reference to Haiti and Santa Marta.....	284
Royal Mail Steam Packet Co. and United Fruit Co., relations between, in the Jamaican trade.....	215-218
Service to south Cuban ports.....	207
Special agreement A, a party to.....	38
Special agreement B, a party to.....	39
Trinidad ports not served owing to agreement with the Royal Mail Steam Packet Co.....	218
United Fruit Co., rate understanding between, in the Caribbean trade.....	176-177, 179-180
West Coast of South America via Panama, rate understanding in the trade to and from, a party to.....	180-181
Hamburg-Bremen-African Line, agreement in the trade to the west coast of Africa, a party to.....	97
Hamburg-South American Steamship Co., American-Brazilian agreement, a party to.....	154
Hanna & Co., M. A.....	339, 341, 342
Hansa Line:	
Bucknall Steamship Lines (Ltd.), agreement between, in the trade to and from India.....	122-124
German-Australian Steamship Co., agreement between, in the American-Java trade.....	127
South and East African freight agreement, a party to.....	91

Harrison Direct Line, deferred rebate circular covering the trade between the United Kingdom and British Columbian and Puget Sound ports.....	Page. 90
Harrison Line:	
Conference of West India Atlantic Steamship Companies, a party to.....	200
Elder Dempster and Leyland Lines, operating in harmony with.....	57-58
Hartford & New York Transportation Co., marine interests, extent of.....	374
Hawaii, agreements in the Japan-Hawaiian trade.....	141-142
Hawaiian trade.....	365-368
Interisland trade of Hawaii.....	367
Lines in the trade, enumeration of.....	365-366
Lines in the trade, relations between.....	367-368
Hayne, D. H., testimony of, in relation to the trust agreement governing the voting of the Merchants & Miners Transportation Co.'s stock.....	375-377
Hill Steamboat Line.....	331, 333
Hinckley, T., report relative to the relations between the Pacific Mail, Kosmos, and Salvador Railway Lines.....	198
Hitch, A. D., testimony of, relative to the relations between lines operating between New York and the west coast of South America, via the Straits of Magellan.....	185-186
Holland:	
N. D. L. V. westbound freight agreement.....	65-67
Rotterdam, agreement between Holland-American Line and Russian East Asiatic Line, with reference to.....	69
Holland-American Line:	
Agreement AA, a party to.....	31
Agreement G, a party to.....	29
Agreement J, a party to.....	30
Agreement L, a party to.....	28
Agreement N, a party to.....	30
Agreement V, a party to.....	34
Agreement W, a party to.....	33
Agreement with railroads at Newport News and Norfolk, a party to.....	248-249
Boston & Maine Railroad Co., agreement between.....	242, 243-244
International Mercantile Marine Co. partly owns the.....	71
Minimum rate agreement from Channel ports, a party to.....	70
N. D. L. V. and affiliated passenger agreements, a party to.....	26
N. D. L. V. westbound freight agreement, a party to.....	65-67
Philadelphia & Reading Railway Co., agreement between.....	246-247
Russian East Asiatic Line, agreement between, with reference to Rotterdam.....	69, 284
Holt, Alfred, & Co., Northern Pacific and Great Northern Railway Cos., copy of agreement between.....	276-277
Hopkins, W. M., testimony of, in relation to:	
Railroads policy of charging full local rates from Buffalo to the seaboard on ex-lake grain.....	321-322, 322-323
Railroad control of terminals on the Great Lakes.....	324
Reduction in the difference between all-rail and lake-and-rail rates.....	330
House resolution No. 425 (62d Cong., 2d sess.), copy of.....	8
House resolution No. 587 (62d Cong., 2d sess.), copy of.....	9-10
Houston & Brazos Valley Railroad Co., Seaboard & Gulf Steamship Co., relations between.....	391-392
Houston & Co., R. P., Hagemeyer Trading Co., contract between in the River Plate trade.....	172-173
Houston Line:	
South and East African freight agreement, a party to.....	91
River Plate agreement (southbound), a party to.....	170
Agreement in the River Plate northbound trade, a party to.....	174
Howard, H. C., report relative to the relations between steamship lines operating on the west coast of South America.....	183, 187
Hubbard-Zemurray Steamship Co.:	
Service between Mobile and Spanish Honduras.....	193
United Fruit Co., relations between.....	193
Hudson River, relations between railroads and steamship lines on the.....	408
Humboldt Steamship Co.:	
Alaska Steamship Co., former traffic relations between.....	355
Southeastern Alaska route, service on the.....	352
White Pass and Yukon route, no joint rates enjoyed by the Humboldt Co. over the.....	355-356
Hutchinson & Co.....	339, 341, 342

I.

	Page.
Independent Steamship Co.:	
Pacific coast service of.....	347, 348
Railways, relations between.....	349
India:	
Indirect traffic between the United States and India, via Europe.....	124-126
Understanding between direct lines from and to New York.....	122-124
Indiana Transportation Co.....	331, 333
Indo-China Steam Navigation Co.; Calcutta-Pacific Conference.....	143
Inland waterways; decline of steamship lines on the.....	406-408
Inland Waterway Commission; report relative to railroad competition with water lines on the Mississippi River.....	407
Insular Line:	
Bull Steamship Co., rate war between, in the Porto Rican trade.....	229-233
New York & Porto Rico Steamship Co., relations between.....	229, 233-235
Peck (W. E.) & Co., relations between.....	228
Red "D" Line, former rate war between, in the Porto Rican trade.....	228-229
Service to Porto Rico.....	226
Intercoastal trade (between Atlantic and Pacific seabords of the United States).....	357-365
Intercoastal lines, traffic arrangements between.....	363-365
Traffic, volume of.....	358-360
Transcontinental railroads, methods of competition used against the Panama route.....	359-361
Transcontinental rates, influence of intercoastal water carriers upon....	361-363
Inter-Island Steam Navigation Co.:	
Alexander and Baldwin controlled by the.....	367
Marine interests, extent of.....	367
Matson Navigation Co., affiliations between.....	367-368
Wilder Steamship Co. owned by the.....	367
International Harvester Co.; contracts in the South and East African trade....	96
International Mercantile Marine Co.'s Lines:	
Agreement AA, a party to.....	31
Antwerp, agreement with Phoenix Line relative to the port of.....	68-69
Holland-American Line partly owned by the.....	71
Red Star Line controlled by the.....	71
Isthmian Steamship Line; eastbound and westbound Asiatic agreements via Suez, not a party to.....	111-112
Italian Chamber of Commerce in New York; report on freight rates to and from the United States.....	83
Italian Lines:	
Mediterranean steerage agreement of 1909, parties to.....	35
Mediterranean westbound and eastbound freight agreements, parties to...	79
Special agreement A, parties to.....	38
Special agreement B, parties to.....	39

J.

Jaffray, R., testimony of, relative to the relations of lines operating between New York and the west coast of South America via the Straits of Magellan..	185-186
Jamaica:	
Relations between the Hamburg-American Line and the Royal Mail Steam Packet Co. and United Fruit Co. in the American-Jamaican trade....	215-218
Services to and from the United States.....	214-215
Japanese lines, discriminatory practices of.....	134-136
Java; agreement in the American-Java trade.....	127
Jebsen Line:	
Pacific Mail Steamship Co. and Kosmos Line, relations between.....	198
Service between San Francisco and Mazatlan, Mexico.....	196
Johnson, Emory R.:	
Report on relationship between intercoastal water and rail rates.....	362
Report on methods of competition used by transcontinental railroads against the Panama route.....	360
Report on the relations between the "Sunset-Gulf" route and the trans- continental railroads.....	361
Johnston Line; Liverpool Conference, a member of.....	63
Judson Freight Forwarding Co.....	141, 147
Juneau Steamship Co.:	
Alaska Steamship Co., traffic arrangement between.....	353
Pacific Coast Co. and Alaska Steamship Co. own the.....	353

K.

Kellogg, C. B., testimony of, relative to:	Page.
Gulf Foreign Freight Committee.....	210-211
Relations between Munson Line and Royal Mail Steam Packet Co. in the Cuban trade.....	206-207
Relations between the Munson Line and the New York & Cuba Mail Steamship Co. in the Cuban trade.....	209
Ketchikan Wharf Co., Pacific Coast Co. and Alaska Steamship Co. own the...	353
Kinney, A. T., manager of various Great Lakes steamship companies.....	340
Knott, James, describes the agreements in the River Plate trade, southbound.	171
Kosmos Line:	
New York & Pacific Steamship Co. and Pacific Mail Steamship Co., no agreement between in the trade to the west coast of South America....	188
Pacific Mail Steamship Co. and Salvador Railway Co., relations between.	197-199
Service between Puget Sound and west coast ports of Central America and Mexico.....	196

L.

Lamport & Holt Line:	
American-Brazilian agreement, a party to.....	154
Booth Line, tacit understanding between, as regards the Brazilian trade..	169
Brazilian-European agreement, a party to.....	154
Manchester Conference, a member of.....	64
Royal Mail Steam Packet Co. absorbs the.....	154
River Plate agreement (southbound), a party to.....	170
River Plate northbound agreement, a party to.....	174
Trinidad agreement, a party to.....	218
Lay, J. G., report relative to deferred rebates in the Brazilian trade.....	162-163
Lehigh Valley Railroad Co.:	
Lehigh Valley Transportation Co. owned by the.....	317, 318
Mutual Transit Co. controlled in part by the.....	317, 318
Lehigh Valley Transportation Co., Lehigh Valley Railroad Co. owns the....	317, 318
Levant, agreements in the trade to and from the United States.....	86-88
Leyland Line:	
Agreement V, a party to.....	34
Conference of West India Atlantic Steamship Companies, a party to.....	200
Harrison and Elder Dempster Lines, operating in harmony with.....	57-58
Liverpool Conference, a member of.....	63
London Conference, a member of.....	62
New York Central & Hudson River Railroad Co., agreement between.	242, 245-246
L'Hommedieu, H. S., testimony of, in relation to fighting ships, use of in the Atlantic-Gulf coastwise trade.....	394
Lilly, J. T., testimony of, relative to:	
Maintenance of American and European rates to Australia on a parity....	104
Norton Line's relations to the River Plate conference lines.....	174
Liverpool Conference (freight).....	61-65
Lloyd Brasileiro:	
Amazon district, withdrawal from the.....	169
Arbuckle Bros.' statement concerning the service of the.....	167
Brazilian Government subvention received by.....	165
Inability to overcome effects of deferred rebates in the Brazilian trade..	164-168
An independent line in the Brazilian-American trade.....	154
Follows closely the rates of the Brazilian conference lines.....	168
London Conference (Brazilian-American trade).....	159-160
London Conference (freight).....	61-65
London Conference (south and east African trade).....	95
Louisville & Nashville Railroad Co., Funch, Edye & Co., agreement between with reference to Pensacola.....	256-257
Lowry, Wm., testimony of, relative to effect of deferred rebates in the Brazilian trade.....	164-165

M.

Maine Central Railroad Co.:	
Bull Steamship Co. is refused a traffic arrangement by the.....	401
Marine interests, extent of.....	374, 377
Maine Coast Co.:	
Marine interests, extent of.....	372
Service of.....	381

	Page.
Maine Steamship Co.:	
Eastern Steamship Corporation acquires the.....	378
Marine interests, extent of.....	378
Mallory Steamship Co.:	
A. G. W. I. controls the.....	384
Marine interests, extent of.....	384, 389
Morgan Line, relations between.....	390-391
Route of.....	389
Manchester Conference (freight).....	61, 64, 65
Manchester Liners, Manchester Conference, a member of.....	64
Marine insurance:	
Discrimination against independent lines by marine underwriters.....	395
Premiums reduced through conferences and agreements.....	297
Martinique, conditions in the trade to and from.....	219-222
Matson Navigation Co.:	
Alexander & Baldwin (Ltd.) are large stockholders in the.....	368
American-Hawaiian Steamship Co., charter relations between.....	366
Hawaiian service of.....	365, 366
Inter-Island Steam Navigation Co., affiliations between.....	367-368
Marine interests, extent of.....	366
Mediterranean:	
Eastbound freight agreements.....	82-83
Westbound freight traffic agreement of 1911.....	78-82
Effect of Mediterranean agreements upon freight rates.....	83
Mediterranean conferences:	
Freight.....	59-60
Passenger.....	46-48
Merchants & Miners Transportation Co.:	
Marine interests, extent of.....	374, 375, 383, 387
New York, New Haven & Hartford R. R. Co. owns majority of stock in the.....	375, 376
Routes of the.....	382, 387-388
Trust agreement governing the voting of its stock.....	375-377
Merchants' Yukon Line:	
Marine interests, extent of.....	354
Western Alaska Steamship Co., traffic arrangement between.....	354
Yukon River service of.....	352
Metropolitan Steamship Co.:	
Eastern Steamship Corporation acquires the.....	378
Marine interests, extent of.....	378
Mexican National Steamship Co., service along the Pacific coast of Mexico....	196
Mexico:	
Agreement between the Munson Line and the Mobile & Ohio and Southern Ry. Cos. with reference to the Mobile-Mexico trade.....	253
Relations between the lines operating in the American trade to and from..	189-191, 195-203
Middle and South Atlantic coastwise trade:	
Lines, enumeration of.....	383
Lines, number of, in the.....	404
Lines not controlled by railroads or by the A. G. W. I.....	388-389
Lines operating between leading ports.....	382
Railroads and steamship lines, traffic relations between.....	398-401
Railroad-owned lines in the.....	383, 386-388
Railroads' refusal to prorate with independent lines.....	400-401
Routes in the.....	383
Miller, C. A., report relative to the New York and Cuba Mail Steamship Line's affiliation with the Conference of West India Atlantic Steamship Lines.....	190
Minimum rate agreements.....	282-283
Mississippi River, railroad competition with water lines on the.....	407-408
Mississippi Valley, South America & Orient Steamship Co. (See Pan-American Mail Line.)	
Mitchell, John, manager of Buffalo Steamship Co. and Cleveland Steamship Co.....	339, 341, 342
Mobile, railroad agreements with leading foreign steamship lines at.....	250-255
Mobile Liners; Mobile & Ohio and Southern Ry. Cos., agreement between...	250-251, 253-255

Mobile & Ohio Ry. Co.:	Page.
Mobile Liners, agreement between.....	250-251, 253-255
Munson Line, copy of agreement between as regards the South American trade.....	264-271
Munson Line, agreements between.....	250-253
Monopolistic nature of agreements and conferences.....	304-306
Montauk Steamboat Co.....	381
Montes Line, not a party to any agreement or understanding in the American-Mexican trade.....	189
Morgan, H. H., report on agreements between lines operating to and from Spain.....	85
Morgan Line. (<i>See</i> Southern Pacific Co.)	
Moss Line, Levant-American trade, party to agreement for the regulation of this trade.....	87
Munson Line:	
Boston & Havana Steamship Co. represented by Munson Line at Boston..	209
Caribbean Conference, a member of.....	208
Compañía Marítima Cubana represented by the Munson Line at New York.....	206
Gulf Foreign Freight Committee, a member of.....	207
Mobile & Ohio and Southern Railway Cos., agreements between.....	250-253
Mobile & Ohio and Southern Railway Cos., copy of agreement between, as regards the South American trade.....	264-271
New York & Cuba Mail Steamship Co., relations between, in the Cuban trade.....	209
Royal Mail Steam Packet Co., relations between, in the Cuban trade....	206-207
Services between the Atlantic seaboard of the United States and the west coast of South America, via Panama.....	180
Service between Baltimore and Cuba.....	208
Understanding with New York lines operating between New York and Colon.....	181
Mutual Transit Co.:	
Controlled by the New York Central, Lehigh Valley, Erie, and Delaware, Lackawanna & Western Railroad Cos.....	317, 318
Northern Steamship Co.'s freight vessels acquired by the.....	319

N.

National Steam Navigation Co., of Greece, relation to Mediterranean conference lines.....	84
Nelson (Charles) Co.....	350
New Bedford, Martha's Vineyard & Nantucket Steamboat Co., marine interests, extent of.....	374
New England coastwise trade.....	372-383
Independent lines engaged in the.....	380-381, 383
New England Navigation Co., trust agreement governing the voting of Merchants & Miners Transportation Co.'s stock, a party to.....	375-377
New England Steamship Co., marine interests, extent of.....	374
New Orleans, an open port.....	239, 250
Newport News, agreements between railroads and foreign steamship lines at.....	248-249
New York:	
Agreements between railroads and foreign steamship lines at.....	241-242
An open port.....	239
Atlantic coastwise services of.....	370
New York & Baltimore Transportation Line:	
Marine interests, extent of.....	383
Railroads' refusal to prorate with.....	388
Routes of.....	382, 388
New York Barge Canal Terminal Commission, report relative to the—	
Absence of through joint rates on Erie Canal traffic.....	327
Railroad control of Erie Canal lines.....	326
Railroad control of Erie Canal terminal facilities at Buffalo and New York.....	327-328
Volume of through freight on the Erie Canal.....	325
New York Canal Forwarders' Association.....	326
New York Central & Hudson River Railroad Co.:	
Cunard Steamship Co., agreement between.....	242, 245
Leyland Line, agreement between.....	242, 245-246
Mutual Transit Co. controlled in part by the.....	317, 318
Western Transit Co. owned by the.....	317, 319

	Page.
New York Committee (south and east African trade).....	95
New York Committee of steamship line representatives, report of.....	299, 300, 301, 302, 302-303, 303, 305
New York Conference (Brazilian-American trade).....	159-160
New York & Cuba Mail Steamship Co.:	
Affiliation with the Conference of West India Atlantic Steamship Com- panies.....	190
Agreements or understandings, not a party to, in the American-Mexican trade.....	189
A. G. W. I. controls the.....	384
Caribbean Conference, a member of.....	208
Compañía Maritima Cubana, former agreement between, for the division of Cuban ports.....	205-206
Compañía Maritima Cubana, portion of its stock held by the.....	206
Compañía Maritima Cubana, recent agreement between, with reference to Cuba.....	285
Gulf Foreign Freight Committee, a member of.....	206
Hamburg-American Line, relations between, in the south Cuban trade..	207-208
Marine interests, extent of.....	384
Munson Line, relations between, in the Cuban trade.....	209
Ownership of stock in other navigation companies.....	384
Position in the traffic to and from Tampico and Vera Cruz.....	189-190
Services of the.....	385
Service between New York and Havana.....	205
Service to south Cuban ports.....	207
New York & Demerara Steamship Co., service to Martinique and Guadeloupe.	219
New York Lubricating Oil Co., contracts in the South and East African trade.	96
New York, New Haven & Hartford Railroad Co.:	
Eastern Steamship Corporation, relations between.....	379-380, 381
Long Island Sound Lines, reasons for acquisition of.....	377-378
Marine interests, extent of.....	373, 374, 380, 405
Merchants & Miners Transportation Co., majority of stock owned by the.	375, 376
New England coastwise trade, dominant position of, in the.....	380-381
New York & Pacific Steamship Co. ("Merchants' Line"):	
Kosmos Line & Pacific Mail S. S. Co., no agreement between, in the trade to the west coast of South America.....	188
Service between New York and the west coast of South America.....	184-188
New York & Porto Rico Steamship Co.:	
A. G. W. I. controls the.....	384
Bull Steamship Co., rate war between, in the Porto Rican trade.....	229-233
Caribbean Conference, a member of.....	208
Insular Line, relations between.....	229, 233-235
Marine interests, extent of.....	384
Services of the.....	385
Services to Porto Rico.....	226
Special contracts with shippers in the Porto Rican trade.....	236-237
New York & South America Line, service between New York and the west coast of South America.....	184-188
New Zealand. (<i>See</i> Australasia.)	
Nippon Yusen Kaisha:	
Calcutta-Pacific Conference, a member of.....	143
Great Northern Railway Co., agreement between.....	151-152
Great Northern Railway Co., copy of agreement between.....	279-280
Trans-Pacific Tariff Bureau (Japan branch), a member of.....	131
Trans-Pacific Tariff Bureau (Hongkong and China branch), a member of..	128
Trans-Pacific Tariff Bureau (westbound), a member of.....	138
Norfolk, agreement between railroads and foreign steamship lines at.....	248-249
Norfolk & Western Railway Co.:	
Hamburg-American Line, copy of agreement between.....	261-264
Old Dominion Steamship Co.'s stock owned in part by the.....	386
United States Shipping Co., agreement between.....	248-249
North Atlantic Conference (passenger).....	46-48
North Atlantic passenger traffic, extent and nature of.....	21-22
Northern Central Railroad, Furness, Withy & Co., agreement between.....	247

	Page.
Northern Navigation Co.:	
Alaska Packers' Association, affiliations between.....	354
Alaska Steamship Co., traffic arrangement between.....	354
Companies absorbed by the.....	354
Companies owning the.....	354
Consolidation of various companies.....	354
Marine interests, extent of.....	354
Yukon River service of.....	352
Northern International Transoceanic Traffic Association.....	76-77
Northern Michigan Transportation Co.....	331, 334
Northern Pacific Railway Co.:	
China Mutual Steamship Co., agreement between.....	148-150
Holt, Alfred, & Co. (representing the Ocean and China Mutual Steamship Cos.), copy of agreement between.....	276-277
Ocean Steamship Co., agreement between.....	148-150
Northern Steamship Co., Great Northern Railway Co. owns the.....	319
North German Lloyd:	
Agreement AA, a party to.....	31
Agreement G, a party to.....	29
Agreement J, a party to.....	30
Agreement L, a party to.....	28
Agreement N, a party to.....	30
Agreement V, a party to.....	34
Agreement W, a party to.....	33
Baltic Pool agreements, a party to.....	72
Brazilian-European agreement, a party to.....	154
Hamburg-American Line, agreement between as regards sailings from American ports north of Savannah to Hamburg and Bremen.....	71, 284
Mediterranean steerage agreement of 1909, a party to.....	35
Mediterranean westbound freight agreement of 1911, a party to.....	79
N. D. L. V. and affiliated passenger agreements, a party to.....	26
N. D. L. V. westbound freight agreement, a party to.....	65-67
Special agreement A, a party to.....	38
Special agreement B, a party to.....	39
Northland Steamship Co., southeastern Alaska route, service on the.....	352
North Pacific Steamship Co.:	
Harriman lines refuse to prorate with, out of Portland.....	349
Pacific coast service of.....	347, 348
Railroads, relations between.....	349
Rate cutting by the.....	351
Norton Line, relation to the River Plate conference lines.....	174, 284
Norway, relations between lines operating to and from.....	78
Norway-Mexico Gulf Line, proposed agreement with the Swedish-American Mexico Line.....	78
Norwich & New York Propeller Co.....	381

O.

Oceanic Steamship Co.:	
Australasian service of.....	106-107
Calcutta-Pacific Conference, a member of.....	143
Hawaiian service of.....	365, 366
Marine interests, extent of.....	366
Northern Pacific and Great Northern Railway Cos., agreement between..	148-150
Northern Pacific and Great Northern Railway Cos., copy of agreement between.....	276-277
Trans-Pacific Tariff Bureau (Japan branch), a member of.....	131
Trans-Pacific Tariff Bureau (Hongkong and China branch), a member of..	128
Trans-Pacific Tariff Bureau (westbound), a member of.....	138
Ocean Steamship Co. of Savannah:	
Central of Georgia Railway Co. owns the.....	387
Marine interests of.....	383, 387
Routes of.....	382
Old Dominion Steamship Co.:	
Marine interests, extent of.....	383, 387
Railroads owning the.....	386-387
Routes of.....	382
Virginia Navigation Co. owned by the.....	386-387

	Page.
Olson & Mahony Steamship Line.....	350
Open River Transportation Co.....	408
Oral understandings between steamship lines, prevalence of.....	293-294
Oregon-Washington Railroad & Navigation Co.:	
San Francisco & Portland Steamship Co. owned by the.....	350
Orient. (<i>See</i> Agreements, Asia, and Conferences, Asia.)	
Orr-Laubenheimer Co.:	
Position in the trade to and from ports of British Honduras.....	191
Position in the trade to and from Guatemala.....	191-192
Osaka Shosen Kaisha:	
Calcutta-Pacific Conference, a member of.....	143
Chicago, Milwaukee & St. Paul Railway system, agreement between....	150-151
Chicago, Milwaukee & St. Paul Railway system, copy of agreement between.....	278-279
Trans-Pacific Tariff Bureau (Japan branch), a member of.....	131
Trans-Pacific Tariff Bureau (Honkong and China branch), a member of...	128
Trans-Pacific Tariff Bureau (westbound), a member of.....	138

P.

Pacific-Alaska Navigation Co., Alaska Coast Co. is controlled by the.....	356
Pacific Coast Co.:	
Juneau Steamship Co., one-half of its capital stock is owned by the.....	353
Ketchikan Wharf Co., one-half of its capital stock is owned by the.....	353
Pacific Coast Steamship Co. is owned by the.....	352-353
Pacific coast, steamship company affiliations on the	347-368
Alaska-Puget Sound trade.....	351-356
Hawaiian trade.....	365-368
Intercoastal trade.....	357-365
Pacific coast trade proper.....	347-351
Pacific Coast Steamship Co.:	
Alaska Steamship Co., former traffic arrangements between.....	353
Nome route service of.....	351
Pacific Coast Co. owns the.....	352-353
Pacific coast service of.....	347, 348
Railroads, traffic relations between.....	349
Southeastern Alaska route, service on the.....	352
Western Alaska Steamship Co.'s stock to the extent of one-third owned by the.....	353
White Pass & Yukon Route controlled in part by the.....	354-356
Pacific coast trade proper:	
Lines, enumeration and description of.....	347-349
Lines, number of, in the.....	404, 405
Railroad-owned lines, extent of.....	404, 405
Relations between lines in the.....	349-351
Pacific Mail Steamship Co.:	
Agreements, none with lines operating between Pacific ports of the United States and the west coast ports of Mexico and Central America.....	196-197
Atchison, Topeka & Santa Fe Railway Co., through routing arrangement between.....	148
Calcutta-Pacific Conference, a member of.....	143
Conference of West India Atlantic Steamship Companies, relations between.....	201-202
Deferred rebates, circular of.....	131-132
Deferred rebates to shippers, discontinuance of, on shipments from Central America and Mexico to San Francisco.....	199-200
Dominant position in the trade between San Francisco and west coast ports of Mexico and Central America.....	196-197, 198-199, 284
Hawaiian service of.....	365, 366
Kosmos Line and New York & Pacific Steamship Co., no agreement between in the trade to the west coast of South America.....	188
Kosmos Line and Salvador Railway Co., relations between.....	197-199
Pacific coast service of.....	347, 348
Panama Railroad Co., traffic arrangement between.....	363-364
Panama service of.....	358
San Francisco & Portland Steamship Co., affiliations between.....	350

Pacific Mail Steamship Co.—Continued,

Service between San Francisco and ports on the west coast of Mexico and Central America.....	Page. 196
Southern Pacific Co. owns a majority of the stock of the.....	360
Southern Pacific Co., through routing arrangement between.....	148
Toyo Kisen Kaisha, agreement between.....	139-141, 147
Transcontinental railroads, relations between.....	360
Trans-Pacific Tariff Bureau (Japan branch), a member of.....	131
Trans-Pacific Tariff Bureau (Hongkong and China branch), a member of..	128
Understanding with northern Pacific coast lines as to the Asiatic passenger traffic.....	142
Pacific Navigation Co.:	
Alaska-Pacific Steamship Co., traffic agreement between.....	347, 349
Pacific coast service of.....	347, 348
Railroad relations between.....	349-350
Pacific Steam Navigation Co.:	
Chilean and Peruvian steamship lines, relations between.....	182-184
Royal Mail Steam Packet Co. absorbs the.....	180
Panama Railroad Co.:	
American-Hawaiian Steamship Co., relations between.....	363-365
California-Atlantic Line, traffic arrangement between.....	363-364
Pacific Mail Steamship Co., traffic arrangement between.....	363-364
Panama Railroad Steamship Line:	
American-Hawaiian Steamship Co., comparison of rates charged.....	362-363
Rate understanding in the trade to and from the west coast of South America via Panama, a party to.....	180-181
Relation to the Conference of West India Atlantic Steamship Cos.....	201-202..
Route of.....	358
Panama route in the intercoastal trade.....	358, 359
Pan American-Argentine Line, River Plate lines operating from New Orleans, understanding between.....	171
Pan American Mail Line, inability to overcome effects of the deferred rebate system.....	164-165
Pappayanni Line, Levant-American trade, party to agreement for regulation of this trade.....	87
Peck (W. E.) & Co.:	
Name changed to the Insular Line.....	228
Insular Line, relations between.....	228
Former participation in the Porto Rican trade.....	228
Peninsular & Occidental Steamship Co.:	
Florida East Coast Railway Co. and Atlantic Coast Line Railway Co. own the.....	388
Gulf Foreign Freight Committee, a member of.....	209
Marine interests, extent of.....	388
Routes of.....	388
Pennsylvania Railroad Co., Erie & Western Transportation Co. controlled by the.....	317-318
Pensacola, agreement between Funch, Edye & Co. and the Louisville & Nashville Railroad Co.....	256-257
Pere Marquette Line Steamers:	
Pere Marquette Railroad Co., agreement between.....	334-335
Service of.....	331, 334
Pere Marquette Railroad Co., Pere Marquette Line Steamers, agreement between.....	334-335
Peruvian Steamship Line, Pacific Steam Navigation Co. and Chilean Steamship Line, relations between.....	182-184
Philadelphia, railroad agreements with foreign steamship lines at.....	246-248
Philadelphia & Gulf Steamship Co.:	
Marine interests, extent of.....	383, 389
Route of.....	382, 388, 389
Southwestern Tariff Committee, membership in refused to the.....	397
Philadelphia-Manchester Line, Philadelphia & Reading Railway Co., agreement between.....	246-247
Philadelphia & Reading Railway Co.:	
Allan Line, agreement between.....	246-247
Furness, Withy & Co., agreement between.....	246-247
Hamburg-American Line, agreement between.....	246-247
Holland-American Line, agreement between.....	246-247

	Page.
Philadelphia & Reading Railway Co.—Continued.	
Philadelphia-Manchester Line, agreement between.....	246-247
Philadelphia Trans-Atlantic Line, agreement between.....	246-247
Scandinavian-American Line, agreement between.....	246-247
Philadelphia Trans-Atlantic Line:	
London Conference, a member of.....	62
Philadelphia & Reading Railway Co., agreement between.....	246-247
Philippines, agreements in the Japan-Philippine trade.....	141-142
Phoenix Line, Antwerp, agreement with International Mercantile Marine Co. relative to port of Antwerp.....	68-69
Pickands, Mather & Co.....	339-340, 341, 342
Pinillos Line, Compañía Transatlántica, agreement between.....	84-85
Pittsburg Steamship Co.:	
Amalgamation of various lines.....	337
Charter relations with other groups of bulk carriers.....	342, 345
Dominant bulk carrier on the Great Lakes.....	344-346
Extent of its interests.....	338, 341
Extent of interests, when compared with all groups of bulk carriers.....	344
United States Steel Corporation controls the.....	337, 338
Pooling (in general).....	285-286
Advantages of.....	159
Arguments in favor of passenger pools in the North Atlantic trade.....	24-25
Manner of effecting a settlement in the case of passenger agreements.....	40
Pooling. (See also Pooling, in general.)	
Africa—	
South and East African agreement.....	91-97
West coast of.....	99
Agreement "AA".....	32-33
Agreement "L".....	28-29
Agreement between Hamburg-American Line and Royal Dutch West India Mail Line in the New York-Haitian trade.....	212-213
Agreement between Royal Mail Steam Packet Co. and Hamburg-American Line as regards Central American and West Indian traffic.....	177-178, 181
Asia—	
Agreement in the American-Java trade.....	127
Eastbound and westbound Asiatic agreements, via Suez....	112, 114, 119-121
Understanding between direct lines operating between New York and India.....	122-123
Australia, agreement between direct lines in the New York-Australasian trade.....	103-104
Baltic pool agreements.....	71-75
Brazilian trade, discontinuance of, in the.....	158
Calcutta-Pacific Conference.....	143-144
Mediterranean steerage agreement of 1909.....	35-36
Mediterranean westbound freight agreement of 1911.....	79
N. D. L. V. agreement.....	26-28
N. D. L. V. westbound freight agreement.....	66
North Atlantic passenger traffic, in the.....	23-25
River Plate trade (southbound), none existing in the.....	171
Special agreement "A".....	38
Special agreement "B".....	39
United Kingdom, in the eastbound trade to the.....	65
Port Aransas, agreement between Funch, Edye & Co. and the Aransas Channel & Dock Co.....	257
Port Arthur, agreement between the Port Arthur (Tex.) Transatlantic Line and the Texarkana & Fort Smith Railway Co.....	255-256
Port Arthur (Tex.) Transatlantic Line, Texarkana & Fort Smith Railway Co., agreement between.....	255-256
Port Huron & Duluth Steamship Co.....	331, 334
Porto Rico:	
Contracts with shippers.....	236, 238
Discrimination in rates between shippers.....	236-238
Enumeration of regular line services in the trade to and from the United States.....	225-226
Rate wars in the Porto Rican trade.....	226-233
Rates from New York and from New Orleans and Galveston compared....	235
Relations between the Insular and New York & Porto Rico Steamship Lines.....	233-234
Volume of trade.....	225

Ports, division of, agreement between Hamburg-American Line and Royal Page.	
Dutch West India Mail Line in the New York-Haitian trade.....	212-214
Ports of sailing, allotting by agreement.....	284-285
Preston, A. W., testimony of, relative to the attitude of the lines in charging and maintaining rates in the traffic between New York and the west coast of South America via Panama.....	182
Prince Line:	
American-Brazilian agreement, a party to.....	154
Booth Line, tacit understanding between as regards the Brazilian trade...	169
Brazilian-European agreement, a party to.....	154
River Plate agreement (southbound), a party to.....	170
South and East African freight agreement, a party to.....	91
Prorating:	
Atlantic coastwise trade, prorating arrangements in the.....	398-401
Atlantic coastwise trade, refusal of railroads to prorate with independent lines in the.....	400-401
Railroads refusal to prorate with independent lines.....	388-389
Providence, Fall River & Newport Steamboat Co.....	381
Publicity of agreements.....	311-313
Puget Sound-Alaska trade.....	351-356
Routes.....	351-352
Steamship consolidations.....	352-356
Purcell, Joseph, testimony of, relative to the advantages derived by shippers from Brazilian conference lines.....	163

Q.

Quebec Steamship Co.:	
Contracts with shippers in the Guadeloupe and Martinique trade.....	219-222
Dominant position in the trade to and from Martinique, Guadeloupe, and Barbados	219
Rate arrangement in the New York-Bermuda trade, a party to.....	222
Rebates, allowance of, in the Guadeloupe and Martinique trade.....	219-222
Strauss, R. D., & Co., oppose rebate system used by the.....	224-225

R.

Railroad agreements with foreign steamship lines. (<i>See also</i> Railroads.)	
In general.....	292-293
Atlantic ports, with reference to.....	241-250
China Mutual Steamship Co., with Northern Pacific Ry. and Great Northern Railway Cos.	148-150
"Exclusive" and "preferential" agreements compared and distinguished.....	240-241, 292-293
Exhibits of agreements.....	258-280
Extent of agreements.....	239-241
Gulf ports, with reference to.....	250-257
Nippon Yusen Kaisha with Great Northern Railway Co	151-152
North Atlantic passenger traffic, in the.....	48-51
Conditions of such agreements.....	48-49
Economic utility of such agreements.....	49-51
Criticism of existing agreements.....	51
Ocean Steamship Co. with Northern Pacific and Great Northern Railway Cos.....	148-150
Osaka, Shosen Kaisha with Chicago, Milwaukee, & St. Paul Railway System.....	150-151
Pacific Mail Steamship Co., through routing arrangements with railroads ...	148
Toyo Kisen Kaisha with Western Pacific Railway Co.....	146-148
Trans-Pacific Steamship lines, with the.....	145-152, 257-258
Railroads:	
Atlantic coastwise lines controlled by.....	369, 370
Atlantic coastwise trade, extent of railroad-owned lines in the.....	403, 404
Atlantic coastwise trade, traffic arrangements with steamship lines in the.	398-401
Canals controlled by the.....	408
Chartering space of competing steamship lines.....	410
Coastwise trade, extent of railroad-owned lines in the entire.....	401, 405, 406
Competition of, with water lines on inland waterways.....	406-408
Conferences governing rail and water transportation.....	309-311
Differentials in the Middle and South Atlantic trade	359

	Page.
Railroads—Continued.	
Erie Canal controlled by the.....	324-328, 408
Erie Canal boat lines acquired by the.....	325-326
Erie Canal, railroad control of terminal facilities at Buffalo and New York.....	327, 328
Great Lakes, control of terminals at Buffalo, Chicago, and Duluth.....	323-324
Great Lakes, effects of railroad control of through lake lines and canal forwarding agencies.....	328-331
Great Lakes, extent of railroad-owned lines on the.....	404, 405
Great Lakes, failure to improve package freight-service on the.....	330-331
Great Lakes grain traffic, attempt to secure control of.....	320, 323
Great Lakes, methods of preventing competition in the through-package freight business on the.....	319-331
Great Lakes, relation between railroad-owned water lines.....	330
Hudson River, refusal of railroads to prorate with lines on the.....	408
Inland waterways, railroad control of shipping interests on the.....	406-408
Methods of controlling water-lines summarized.....	409-412
Middle and South Atlantic coastwise trade, lines owned by railroads in the.....	386-388
New England coastwise lines controlled by.....	372
Pacific coast, extent of railroad-owned lines on the.....	404, 405
Pacific coast trade proper, relations between railroads and steamship lines in the.....	349-351
Policy of charging full local rates from Buffalo to the seaboard on ex-lake grain.....	320-323
Prorating, refusal to prorate with steamship lines.....	349-350, 388-389
Reasons for acquiring steamship lines.....	406
Terminals, control of water terminals by.....	410-411
Texas traffic, arrangement between railroads and steamship lines for the regulation of.....	399-400
Through-package freight lines on the Great Lakes owned by.....	317-331
Transcontinental railroads, methods of competition against the Panama route.....	359-361
Rate agreements:	
Differential rate agreements.....	283
Minimum rate agreements.....	282-283
Rate agreements summarized.....	282-284
Rates controlled by a dominant line.....	283-284
Rate cutting, disadvantages of.....	297-298
Rate wars:	
Disadvantages of.....	297-298, 300-301
Porto Rican trade, in the.....	226-233
Rates. (See also Rates, determination and maintenance of; and Rates, American and European to foreign markets on a parity.)	
Factors influencing ocean rates.....	305-306
Great Lakes, rates charged by nonrailroad-owned lines on the.....	335-336
Great Lakes, lake-and-rail and canal-and-lake rates compared with all-rail rates.....	328-331
Great Lakes, lower rates in the bulk traffic.....	336-337
Impracticability of filing ocean rates with the Government and requiring a period of notice before changing the same.....	309-311
Recent rise in ocean rates.....	299, 305
Rates, American and European rates to foreign markets on a parity:	
In general.....	168-169, 301-302
African trade (south and east).....	93-94
Australian trade.....	104-105
Cuban trade.....	211-212
River Plate trade.....	171-172
Rates, determination and maintenance of:	
Africa, North African ports.....	100-101
Africa, South and East African trade.....	93-94, 95-96
Africa, west coast of Africa trade.....	98-99
Alaska, Nome route.....	351
Alaska, Southeastern route.....	352
Alaska, Southwestern route.....	352
Alaska, Yukon River route.....	352
Asiatic trade, eastbound and westbound Asiatic agreements, via Suez.....	115-117, 121-122

Rates, department and maintenance of—Continued.	Page.
Australia, in the direct trade from New York.....	104-105
Baltic pool agreements.....	72, 74-76
Bombay-United States trade, via Europe.....	125
Brazilian-American trade.....	156, 160, 168-169
Brazilian-European agreement.....	156
Calcutta-Pacific Conference.....	143
Central American trade.....	194
Egyptian-American trade, via Liverpool.....	101-102
Erie Canal.....	326
Great Lakes, policy of railroads to charge full local rates from Buffalo to the seaboard on ex-lake grain.....	320-323
Gulf Foreign Freight Committee.....	209-212
Haitian trade to and from New York.....	213-214
Hawaiian trade.....	367
Holt (Alfred) & Co. and Northern Pacific and Great Northern Ry. Cos., agreement between.....	149
Intercoastal trade.....	361-363
Jamaican trade.....	217-218
Levant trade.....	87-88
Madras-United States trade, via Europe.....	126
Martinique and Guadeloupe trade.....	219-222
Mediterranean eastbound freight agreement.....	82-83
Mediterranean westbound freight agreement of 1911.....	79-80
Mexico and Central America, in the trade between American Pacific ports and Mexico and Central America.....	197
N. D. L. V. westbound freight agreement.....	66-67
Northern International Transoceanic Traffic Association.....	77
Pacific coast trade proper.....	349-351
Rate cutting, disadvantages of.....	297-298
Royal Mail Steam Packet Co. and the Hamburg-American Line, agree- ment between, in the West Indian and Central American trade.....	178
South America—	
River Plate trade.....	170-172, 173
West coast of South America via Panama.....	180-181
West coast of South America-New York trade northbound.....	182-183
Stability of rates secured through agreements and conferences.....	297-300
Trans-Pacific conferences.....	137-138
Trans-Pacific Tariff Bureau (Hongkong and China branch).....	133-134
Trans-Pacific Tariff Bureau (Japan branch).....	130-131
Trans-Pacific Tariff Bureau (westbound).....	138-139
Trinidad trade, northbound.....	219
United Kingdom.....	61-65
Uniform freight rates to all merchants secured through agreements and con- ferences.....	300
Venezuela and Curacao, in the traffic to and from.....	176
West Indies—	
North Cuban ports.....	207
Porto Rican-Gulf trade.....	235-236
Porto Rican trade, discrimination in rates between shippers in the.....	236-238
Ravndal, G. B., report on relations between lines engaged in the American- Levant trade.....	86, 87-88
Raymond, H. H., testimony of, relative to:	
Absence of port-to-port competition on the Atlantic coast.....	371-372
Mallory and Morgan Lines, close relations between.....	391
Shipping consolidations, reasons for organizing.....	406
Texas traffic arrangement between railroads and Atlantic coast steamship lines.....	399-400
Rebates. (See Deferred rebates.)	
Recommendations of witnesses for proposed legislation.....	307-314
Elimination of discrimination between shippers.....	313
Government regulation of foreign carriers.....	307-308
Impracticability of filing ocean rates with the Government and requiring a period of notice before changing the same.....	309-311
Publicity of agreements.....	311-313
Rebating to be prohibited.....	313

	Page.
Red "D" Line:	
Caribbean Conference, a member of.....	208
Porto Rico—	
Rate war with other Porto Rican lines.....	228-229
Service to Porto Rico.....	226
Royal Dutch West India Mail Line, agreement between, governing the traffic to and from Venezuela and Curacao.....	175-176
Red Star Line:	
Agreement AA, a party to.....	31
Agreement G, a party to.....	29
Agreement J, a party to.....	30
Agreement L, a party to.....	28
Agreement N, a party to.....	30
Agreement V, a party to.....	34
Agreement W, a party to.....	33
Antwerp, agreement with the Phoenix Line relative to the port of.....	68-69
International Mercantile Marine Co. controls the.....	71
Minimum rate agreement from Channel ports, a party to.....	70
N. D. L. V. and affiliated passenger agreements, a party to.....	26
N. D. L. V. westbound freight agreement, a party to.....	65-67
Regularity of service secured through agreements and conferences, and advantages resulting from such regularity.....	295-296
Retaliation feared by shippers if they oppose conference lines.....	306, 313
Richardson, Norval, report on agreements between lines operating to Scandinavian and Russian-Baltic ports.....	75-76
River Plate:	
Agreements in the American trade, southbound.....	170-174
Agreement in the American trade, northbound.....	174-175
American and European rates on a parity.....	171
Contracts with shippers.....	172-174
Deferred rebates in the northbound trade.....	174
Norton Line's relations to the conference lines.....	174
Understanding between Brazilian and River Plate conference lines to respect each other's territory.....	175
Robertson, W. H., report relative to the relations between steamship lines operating on the west coast of South America.....	183-184, 187-188
Rogers, H. H., testimony of, with reference to the relations between the Panama Railroad Co. and the American-Hawaiian Steamship Co.....	365
Royal Commission on Shipping Rings, report of:	
Africa, west coast of Africa trade.....	100
Comparison of American and European rates to Australia.....	104-105, 106
Hamburg-American Line, agreement between, in the New York-Haitian trade.....	212-214
Red D Line, agreement between, governing the traffic to and from Venezuela and Curacao.....	175-176
Trinidad agreement, a party to.....	218
Royal Mail Steam Packet Co.:	
Brazilian-European agreement, a party to.....	154
Caribbean Conference, a member of.....	208
Conference of West India Atlantic Steamship Companies, a party to.....	200
Hamburg-American Line, agreement between with reference to Haiti and Santa Marta.....	214, 284
Hamburg-American Line and United Fruit Co., relations between in the Jamaican trade.....	215-218
Hamburg-American Line's Atlas service, agreements between as regards the Central-American and West Indian traffic.....	177-179
Lamport & Holt Line absorbed by the.....	154
Munson Line, relations between in the Cuban trade.....	206-207
Pacific Steam Navigation Co. absorbed by the.....	180
Rate arrangement in the New York-Bermuda trade, a party to.....	222
Rate understanding in the trade to and from the west coast of South America via Panama, a party to.....	180-181
Service to north Cuba.....	206
Trinidad agreement, a party to.....	218
United Fruit Co., rate understanding between, in the Caribbean trade....	176-177, 179-180

Russian East Asiatic Line:	Page.
Holland-American Line, agreement between, with reference to Rotterdam.	69, 284
Northern International Transoceanic Traffic Association, a member of....	76
Rutland Railroad Co., Rutland Transit Co. owned by the.....	317, 318
Rutland Transit Co., Rutland Railroad Co. owns the.....	317, 318
Ryan, J. W., testimony of, relative to the relations between lines operating between New York and the west coast of South America, via the Straits of Magellan.....	185-186
S.	
Sailings, regulation of:	
Eastbound and westbound Asiatic agreements, via Suez.....	113-115
Through agreements or conferences.....	284-285, 302
Salvador Railway Co.:	
Pacific Mail Steamship Co. and Kosmos Line, relations between.....	197-199
Service between ports on the west coast of Central America.....	196
San Francisco & Portland Steamship Co.:	
Oregon-Washington Railroad & Navigation Co. owns the.....	350
Pacific coast service of.....	347, 348
Pacific Mail Steamship Co., affiliations between.....	350
Railroads, relations between.....	349
Rate-cutting by the.....	351
Santo Domingo, relations between lines operating to and from New York.....	212
Scandinavian-American Line:	
Baltic pool agreements, a party to.....	72
Philadelphia & Reading Railway Co., agreement between.....	246-247
United Steamship Co. owns the.....	72
Schedule of Inquiries:	
Circular letter submitted to American exporting and importing firms, under date of February 18, 1913.....	17
Department of State circular submitted to American diplomatic and consular officers under date of April 17, 1912.....	16-17
Number of transportation companies to whom sent.....	2-3
Schedule submitted to American railroads under date of September 16, 1912.....	14-15
Schedule submitted to domestic water carriers under date of August 21, 1912.....	10-13
Schedule submitted to foreign steamship lines under date of October 3, 1912.....	13-14
Schwerin, R. P., testimony of, relative to:	
Calcutta-Pacific Conference.....	143
Competition between Trans-Pacific and Suez lines in the Oriental trade..	130
Conference of West India Atlantic Steamship Cos.....	201-202
Matson Navigation Co., dominant position of, in the Hawaiian trade.....	366
Panama Railroad Co. and American-Hawaiian Steamship Co., relations between.....	364
Publicity of agreements.....	312
Secret cutting of rates by Japanese lines.....	134-135
Trans-Pacific Tariff Bureau (Hongkong and China branch).....	133
Understanding between Pacific Mail Steamship Co. and Toyo Kisen Kaisha westbound from San Francisco.....	140-141
Underweighing of freight by Japanese lines.....	135-136
Seaboard Air Line Railway Co.:	
Baltimore Steam Packet Co. owned by the.....	387
Old Dominion Steamship Co.'s stock owned in part by the.....	386
Seaboard & Gulf Steamship Co.:	
Coastwise Freight Conference, membership in the, refused to the.....	397-398
Houston & Brazos Valley Railroad, affiliations between.....	391-392
Marine interests, extent of.....	389
Route of.....	389
Service of.....	391-392
Seager, J. C., testimony in relation to the tacit understanding between the Booth Line and the three Brazilian conference lines.....	169-170
Secrecy of agreements and conferences.....	2-3, 25, 59, 84, 85, 293-295, 307, 311-313
Seeborg Line:	
Service between Mobile and Haiti.....	212
Service between Mobile and Jamaica.....	214

	Page.
Sickel, W. G., testimony of, relative to:	
Absence of deferred rebates in the west coast of Africa trade.....	100
Agreement in the trade to the west coast of Africa.....	97
Deferred rebates in the New York-Colombian trade, northbound and southbound.....	179
Mediterranean eastbound freight agreement.....	82-83
Rates applying to Hamburg and Bremen.....	56-57
Relations between Hamburg-American, Royal Mail, and United Fruit Co. in the Jamaican trade.....	216-218
Syndikats Rhederei.....	290
Use of combination steamers in the American-European trade.....	54
Singer Sewing Machine Co., contract with Brazilian lines.....	160
Skinner, R. P., report on the Syndikats Rhederei.....	290
Slechta, J., testimony of, relative to:	
Effect of deferred rebates in the Brazilian trade.....	166
Tacit understanding between the Booth Line and the three Brazilian conference lines.....	169
Understanding between River Plate conference and Brazilian conference lines to respect each other's territory.....	175
Volume of business secured by the Lloyd Brasileiro.....	165-166
Sources of data obtained by the Committee.....	2-6
South African Homeward Conference.....	95-96
South African Outward Conference.....	95-96
South America. (See various countries; West coast of South America; Agreements; Conferences).	
Agreement between Munson Line and Mobile & Ohio and Southern Railway Cos. with reference to the Mobile-South American trade.....	251-253
Enumeration of services to and from the United States.....	153
Southern Pacific Co.:	
Direct Navigation Co. owned by the.....	390
Gulf Foreign Freight Committee, a member of.....	209
Gulf Steamship Co. owned by the.....	390
Lines acquired by the.....	390
Mallory and Morgan Lines, relations between.....	390-391
Marine interests, extent of.....	405
Morgan Line granted deferred rebates in the Atlantic-Gulf coastwise trade.....	395-396
Morgan Line, route of.....	358, 389
Pacific Mail Steamship Co., a majority of its stock owned by the.....	360
Pacific Mail Steamship Co., through routing arrangement between.....	148
Replies to Committee's Schedule of Inquiries relative to agreements with navigation companies.....	275-276
"Sunset-Gulf Route" of the.....	358, 361
Southern Railway Co.:	
Chesapeake Steamship Co. owned in part by.....	387
Hamburg-American Line, copy of agreement between.....	261-264
Mobile Liners, agreement between.....	250-251, 253-255
Munson Line, agreement between.....	250-253
Munson Line, copy of agreement between, as regards the South American trade.....	264-271
Old Dominion Steamship Co.'s stock owned in part by the.....	386
Strachan, F. D. M., agreement between, with reference to Brunswick.....	249
United States Shipping Co., agreement between.....	248-249
Southern Steamship Co.:	
A. G. W. I. controls the.....	384
Marine interests, extent of.....	383, 384, 389
Routes of.....	382, 389
Services of the.....	385
Southwestern Tariff Committee:	
Membership of.....	396
Philadelphia & Gulf Steamship Co. refused membership in the.....	397
Purposes of.....	396-397
Spain, relationship among lines operating to and from the United States.....	84-85
Stability of rates secured through agreements and conferences.....	297-300
Standard Oil Co.:	
Contract with lines in the American-Java trade.....	127
Contracts in the south and east African trade.....	96
Leading customer of direct lines in the trade from New York to India...	123-124

	Page.
Starin Line.....	381
Story, Sidney, testimony of, relative to the effect of deferred rebates in the Brazilian trade.....	164
Strachan, F. D. M., agreement with the Southern Railway Co. with reference to Brunswick.....	249
Strauss, R. D., & Co. oppose rebate system of the Quebec Steamship Co.....	224-225
Swedish-American-Mexico Line, proposed agreement with the Norway-Mexico Gulf Line.....	78
Swenson, L. S., report relative to proposed agreement between Norway-Mexico Gulf Line and Swedish-Mexico Line.....	78
Syndikats Rhederei.....	289-290

T.

Tehuantepec National Railway Co., American-Hawaiian Steamship Co., traffic agreement between.....	357
Tehuantepec route.....	357-358, 359-360
Terminals:	
Buffalo, railroad control at.....	323-324
Chicago, railroad control at.....	323
Duluth, railroad control at.....	323
Texas, railroad arrangement with Atlantic coast steamship lines for the regulation of traffic to and from.....	399-400
Texas City Steamship Co.:	
A. G. W. I.'s acquisition of, method of.....	385-386
A. G. W. I. controls the.....	384
Marine interests, extent of.....	384, 389
Route of.....	389
Thompson Line, London Conference, a member of.....	62
Tomlinson, G. A., manager of various Great Lakes steamship companies.....	338-339, 341, 342
Totten, R. J., report on minimum rate agreement between Cunard and Austro-Americana Lines in the Adriatic freight traffic.....	85
Toyo Kisen Kaisha:	
Calcutta-Pacific Conference, a member of.....	143
Pacific Mail Steamship Co., agreement between.....	147
Pacific Mail Steamship Co., westbound agreement from San Francisco..	139-141
Pacific Railway Co., agreement between.....	146-148
Trans-Pacific Tariff Bureau (Hongkong and China branch), a member of..	128
Trans-Pacific Tariff Bureau (Japan branch), a member of.....	131
Western Pacific Railway Co., copy of agreement between.....	271-274
Traffic associations, relation to rate making in the American coastwise trade...	410
Tramp vessels:	
As a competitive factor.....	299-300, 309-311
Consolidations among bulk carriers on the Great Lakes.....	336-346
Trans-Atlantic Freight Conference	59-60
Trans-Pacific Tariff Bureau (Hongkong and China branch).....	128-129, 133-134
Trans-Pacific Tariff Bureau (Japan branch).....	128-129, 130-132
Trans-Pacific Tariff Bureau (westbound).....	138-139
Trinidad, agreement between lines operating to and from New York.....	218-219
Trinidad Shipping & Trading Co., Trinidad agreement, a party to.....	218
Tussco Line, Gulf Foreign Freight Committee, a member of.....	209

U.

Union Carbide Sales Co., contracts in the south and east African trade.....	96
Union Castle Mail Steamship Co.:	
Report of, relative to the south and east African agreement.....	92-93
South and east African freight agreement, a party to.....	91
Union Clan Line, south and east African freight agreement, a party to.....	91
Union Steamship Co. of New Zealand, Australasian service of.....	107
United Fruit Co.:	
Caribbean Conference, a member of.....	208
Conference of West India Atlantic Steamship Companies' rates observed by the, as regards the New York trade.....	201
Dominant position in the trade to and from ports of British Honduras.....	191
Dominant position in the trade to and from Central American ports	283-284

United Fruit Co.—Continued.	Page.
Dominant position in the trade to and from Costa Rica.....	194
Dominant position in the trade to and from Guatemala.....	191-192
Dominant position in the trade to and from Nicaragua.....	193-194
Dominant position in the trade to and from Spanish Honduras.....	193
Hamburg-American Line and Royal Mail Steam Packet Co., relations between, in the Jamaican trade.....	215-218
Hubbard-Zemmurray Steamship Co., relations between.....	193
Orr-Laubenheimer Co., relation between.....	191
Rate understanding in the trade to and from the west coast of South America, via Panama, a party to.....	180-181
Royal Mail Steam Packet Co. and Hamburg-American Line, rate understanding between, in the Caribbean trade.....	176-177, 179-180
Services in the American-Spanish Honduras trade.....	192-193
Services between the Atlantic seaboard of the United States and the west coast of South America, via Panama.....	180
Vaccaro Bros. & Co., relations between.....	193
United Kingdom:	
Harrison Direct Line's deferred rebate circular in the United Kingdom-British Columbian and Puget Sound trade.....	90
Minimum eastbound rate agreements.....	61-65
Minimum westbound rate agreements.....	65
United States & Australasia Steamship Co.:	
Agreement between direct New York-Australasian lines, a party to.....	103
White Star Line, agreement between, in the New York-Australasian trade.....	105-106
United States & China-Japan Steamship Co., eastbound and westbound Asiatic agreements, via Suez.....	110-112
United States Shipping Co. (<i>See also</i> Tussco Line.)	
Chesapeake & Ohio, Norfolk & Western, and Southern Railway Cos., agreement between.....	248-249
United States Steel Corporation:	
Contract with lines in the American-Java trade.....	127
Contract with Brazilian lines.....	160
Great Lakes rates on ore controlled by the.....	344-345
New York and South America Line controlled by the.....	184
Policy of, toward independent bulk carriers on the Great Lakes.....	344-345
Receives special rates in the New York-west coast of South America trade, via Straits of Magellan.....	187
United Steamship Co.:	
Baltic pool agreements, a party to.....	72
Gulf Foreign Freight Committee, a member of.....	209
Northern International Transoceanic Traffic Association, a member of.....	76
Scandinavian-American Line owned by the.....	72
United Tyser Line:	
Agreement between direct New York-Australian Lines, a party to.....	103
White Star Line, agreement between, in the New York-Australasian trade.....	105-106
Uranium Steamship Co.:	
A competitor with other lines operating to and from Rotterdam.....	69
Not a member of the North Atlantic Passenger conferences.....	22

V.

Vaccaro Bros. & Co.:	
Service between New Orleans and Spanish Honduras.....	193
United Fruit Co., relations between.....	193
Venezuela, agreement governing the traffic to and from.....	174-176
Virginia Navigation Co. owned by the Old Dominion Steamship Co.....	386-387
Volume of freight limited by agreement.....	285

W.

Ward Line. (<i>See</i> New York & Cuba Mail Steamship Co.)	
Warfield, E., testimony of, in relation to—	
Close relations between the Mallory and Morgan Lines.....	390-391
Coastwise Freight Conference.....	396-397
Fighting ships, use of, in the Atlantic-Gulf coastwise trade.....	393-394
Marine insurance companies' discrimination against independent lines.....	395
Seaboard & Gulf Steamship Co. refused membership in the Coastwise Freight Conference.....	398

	Page.
Warren Line, Liverpool Conference, a member of.....	63
Weir, Andrew, & Co., arrangement with Hansa Line and Bucknall Steamship Lines (Ltd.) in the trade to and from India.....	122-123
West Coast Line:	
Service between New York and the west coast of South America.....	184-188
West coast of South America:	
Relation between lines operating to and from New York, via the Straits of Magellan	283
Relations between lines operating to and from New York, via Panama.	180-184
Relations between lines operating to and from New York, via Straits of Magellan.....	184-188
Relations between lines operating to and from Pacific ports of the United States.....	188
Contracts with shippers in the southbound trade.....	186-187
Relations between the lines in the northbound trade.....	187-188
Western Alaska Steamship Co.:	
Alaska Steamship Co. owns a one-third interest in the.....	353
Merchants' Yukon Line, traffic arrangement between.....	354
Nome route service.....	351
Pacific Coast Steamship Co. owns a one-third interest in the.....	353
Western Pacific Railway Co.:	
Toyo Kisen Kaisha, agreement between.....	146-148
Toyo Kisen Kaisha, copy of agreement between.....	271-274
Western Transit Co.:	
New York Central & Hudson River Railroad Co. owns the.....	317, 319
Other leading lines notified of changes in rates.....	330
White Pass and Yukon route:	
Alaska Steamship and Pacific Coast Steamship Cos. control the.....	354-356
White Star Line (Great Lakes line).....	331, 334
White Star Line:	
Agreement V, a party to.....	34
Agreement W, a party to.....	33
Agreement with direct lines operating in the New York-Australian trade.	105-106
Liverpool Conference, a member of.....	63
Mediterranean steorage agreement of 1909, a party to.....	35
Mediterranean westbound freight agreement of 1911, a party to.....	79
Minimum rate agreement from Channel ports, a party to.....	70
Position of, in the indirect trade from New York to Australia.....	104-106
Special Agreement A, a party to.....	38
Special Agreement B, a party to.....	39
White Star-Dominion Line, Liverpool Conference, a member of.....	63
Wilder Steamship Co., owned by the Inter-Island Steam Navigation Co.....	367
Wilkinson, H. S., manager of various Great Lakes steamship companies.	339, 341, 342
Wilson, H. R.:	
Report relative to relations between the Pacific Mail, Kosmos, and Salvador Railway Cos.....	197-198
Report relative to the dominant position of the United Fruit Co. in the American-Guatemalan trade.....	192
Wilson Line:	
Baltic pool agreements, a party to.....	72
Northern International Transoceanic Traffic Association, a member of....	76
Wilson & Furness-Leyland Line, London conference, a member of.....	62
Wine and Spirit Traders' Society of the United States, report of, relative to agreement among Channel port Lines	70
Winslow, A. A., report relative to the relations between steamship lines oper- ating on the west coast of South America.....	184, 188
Woermann Line, agreement in the trade to the west coast of Africa, a party to.	97
Wolvin Line:	
Only carrier between Texas ports and Tampico and Vera Cruz.....	190
Not a party to any agreement or understanding in the American-Mexican trade.....	189

H 165 84



HECKMAN
BINDERY INC.



SEP 84

N. MANCHESTER,
INDIANA 46962



LIBRARY OF CONGRESS



0 017 708 762 2

